

Steel safety cover withdrawn in Yorkshire

The withdrawal of all safety cover on BSC plants was ordered last night by the South Yorkshire steel strike coordinating committee. It said a national policy of withdrawal was being formulated, but maintenance men were being withdrawn last night from a computer centre near Rotherham. Hadfield's of Sheffield, a Lonrho-owned plant, said it would withhold taxes due to the Government.

Move to extend action throughout Britain

From Ronald Kershaw
Rotherham

The South Yorkshire steel strike co-ordinating committee last night took the unprecedented step of ordering the withdrawal of all safety cover on British Steel Corporation's strike-bound plants.

After a three-hour meeting a committee spokesman said that the order would have immediate effect in South Yorkshire and Humberside, but plans were being formulated to extend the action throughout the country.

The implications of the move are serious in terms of cost and of the future of the steel industry in Britain.

If new coke ovens at the Scunthorpe complex are permitted to go cold it will cost \$80m to £100m and take two years to rebuild them to operating standards. The 10,000-tonne Redcar blastfurnace produces 350 tonnes of iron every 24 hours and is the sole supply of iron and steelmaking in the North-East. In South Yorkshire the hearths of electric arc furnaces will crumble without regular attention.

Mr Stanley Sheridan, press spokesman for the strike committee, said: "We have decided to put the boot in."

He admitted that the implications of the move could be "disastrous" and said: "The BSC management has been sitting back for the past six weeks and not producing one ounce of steel. Sir Keith Joseph is not going to save the BSC so we are not going to be in that position either."

Other strike committees had been contacted and a national policy of withdrawal of safety cover was being formulated. "We have been sitting back quietly maintaining plants while 15,000 managers have been getting paid week after week. There comes a time in a strike when the gloves have to come off," he said.

The withdrawal would start

last night with maintenance men being withdrawn from the BSC computer centre at Aldwarke, near Rotherham, he said. Withdrawals would be phased over a period but their effect would be apparent within 48 hours.

From that point safety cover would be the responsibility of the BSC and the Government. BSC had never made any secret about the urgency of maintaining safety cover and the threat to the industry if it were withdrawn.

Hadfield's of Sheffield, one of South Yorkshire's biggest private sector steelmakers, yesterday announced that it intends to withhold about £2m a month in income tax, National Health Service contributions from employees' wages and value-added tax until the end of the steel strike.

That amount, payable to government departments, is close to the sum the company is losing because of the steel strike.

Mr Derek Norton, chairman of the company, said messages received from other industrialists indicated that more private sector companies might withhold payments.

Hadfield's is part of the Lonrho group and yesterday's unanimous decision by the board of nine directors had the full support of Mr Roland (Tiny) Rowland, chairman of Lonrho, Mr Norton said.

He added: "The board has decided that... we are going to picket the company cheque book until the strike is over." Prosecution threat: Hadfield's action could leave it open to prosecution by three government bodies: the Department of Health and Social Security for non-payment of national insurance; the Customs and Excise over VAT; and the Inland Revenue for refusal to pay tax (the Press Association reports).

There is a legal liability to pay these taxes, both themselves and their employees', the DESS said.

£48m boost for Welsh industries

By Hugh Noyes

Parliamentary Correspondent
Westminster

The first concrete indication of the extent of the urgent rescue operation being prepared by Government departments for the steel areas hardest hit by the steel redundancies came yesterday in the Commons when the announcement of a £48m aid programme spread over two years to bring new industries and jobs to Wales.

Mr Nicholas Edwards, Secretary of State for Wales, giving details of the programme aimed at cushioning the impact of the steel closures, told MPs that Sir Keith Joseph, Secretary of State for Industry, was urgently considering comparable action for the areas affected in England. It is estimated that more than 50,000 jobs will be lost in the steel industry alone, including about 11,300 in Port Talbot and Llanwern in South Wales. There have been reports that the loss in Wales, including industries

affected by the steel closures, could be as high as 50,000 jobs.

But yesterday's announcement that the Welsh Office has won a considerable victory in the Cabinet battle over expenditure cuts. Whatever other departments may suffer when the public spending reductions are announced next month, it is not likely to be the Welsh Office.

To loud cheers, the Secretary of State told the House that in spite of the overriding need to contain public expenditure he had successfully defended the key motorway and trunk road programmes for the M4 and its A55, carrying traffic to the principality. These would go ahead as planned.

Mr Edwards said the Government would do everything possible to encourage and assist the growth of new industries in the steel areas. The prime need was for the acquisition, preparation, and development of industrial sites together with a

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Iran leader pledges revolution 'export'

Tehran, Feb 4.—Mr Abolhasan Bani-Sadr tonight became Iran's first president when his overwhelming election victory was endorsed by Ayatollah Ruhollah Khomeini in a ceremony at a Tehran hospital.

The 79-year-old revolutionary leader, recovering from a heart ailment, left his bed and accompanied by his doctors walked to waiting room to join Mr Bani-Sadr.

Mr Bani-Sadr stood to kiss the hand of the Ayatollah, who walked steadily and looked fit after his 12-day stay at the hospital.

His son, Hojatoleslam Ahmad Khomeini, read the formal notice of endorsement on behalf of his father. He said: "Mr Bani-Sadr has been chosen by the majority vote of the people and according to the constitutional position of the theologian, I appoint him President of the Islamic Republic."

Speaking to hundreds of thousands of people at a Tehran cemetery hours before the ceremony, Mr Bani-Sadr said: "Our revolution will not win if it is not exported. We are going to create a new order in which deprived people will not always be deprived and oppressors will not always be oppressors."

Several hundred foreign guests, mostly Muslims but including a group of Americans, and the Greek Catholic Archbishop of Jerusalem, Mr Ignace Jan Pienkowsky, heard him speak. They attended prayers at the former Senate building together with members of the Revolutionary Council.

Mr Bani-Sadr told the crowd: "At the moment Iran has many economic and cultural problems and political unrest which we cannot end in two or three days. Victory will come through hard work."

Hojatoleslam Khomeini read a message from the Ayatollah supporting all liberation movements which "are fighting for God, righteousness, justice and freedom."

It singled out Iran's support for Muslim insurgents fighting against the Soviet supported Government in Afghanistan.

"Again we announce our support for our Afghan brothers and we severely condemn the occupation of the invaders. We are Muslims and East as well as West are not important for us."

One of the visiting Americans, 30-year-old black Muslim, Mr. Noor Ahmad, of Berkeley, California, told reporters: "Basically the Islamic Republic of Iran has passed a good pattern for Muslim countries."

Mr Ali Seddighi, a 35-year-old Pakistani-born American who heads the Muslim community in California, said: "The Islamic revolution of Iran has had a great impact on Muslims in America."

President Bani-Sadr today received a message of congratulations from President Brezhnev, emphasizing non-intervention and good-neighbourliness.—Reuters.

Gaddafi visit: Colonel Muammar Gaddafi, the Libyan leader announced that he would visit Iran soon for talks with Ayatollah Khomeini, the Libyan news agency Jamna reported today.—Reuters.



Aftermath of a riot: Blanket-wrapped prisoners huddle together under the gaze of National Guard men.

Prisoners tell of atrocities after 35 deaths

San Francisco, Feb 4.—Fires still burnt in the New Mexico state prison today as 1,100 prisoners huddled in tents outside describing murder, torture and mutilations that left at least 35 inmates dead, scores wounded, and 15 others missing.

Three more bodies were found today, according to a police sergeant. Mr Bruce King, the Governor of New

Mexico, said at least seven died of drug overdoses, others suffocated in the smoke and some were murdered.

He added that 50 prisoners were unaccounted for, including the dead, after the takeover which began on Saturday morning, prompted by demands for improved prison conditions.

Prisoners settled old grudges and during the 33-hour uprising attacked other prisoners thought to be friendly to guards, prisoners said. They added that some of the rioters, crazed with drugs, cut off prisoners' arms and legs and set others on fire.

The flashpoint on Saturday occurred when two prisoners, discovered drink-

ing a spirit they had brewed themselves, attacked two guards.

Rioting spread through the prison and 15 guards were taken hostage by prisoners. Police sharpshooters and heavily armed National Guardsmen stormed the prison yesterday, after noon to regain control without, they said, firing a shot. But 50 guards had prisoners had to be taken to local hospitals. One guard and seven prisoners are said to be in critical condition.

State officials said it may cost as much as \$50m (about £22.7m) to replace the state's only maximum-security prison, built to house 850 and holding 1,136 when the riot broke out. —AP, Reuters and UPI.

Sterling demand and gold price push reserves to record level

By Caroline Adkinson

Britain's official reserves were pushed up by \$987m (£435m) to a record of \$23,706m (£10,456m) at the end of January. The strong demand for sterling, the higher gold price, and public sector transactions were responsible.

But the underlying rise, which is a rough guide to Bank of England intervention in the foreign exchange markets was only \$509m.

Although the Bank intervenes only to smooth out demand for the pound, rather than to change sterling's exchange rate significantly, its intervention has recently been sizable.

In the last two months the underlying inflow of funds into the reserves was more than \$1,000m. In that time the pound has risen by 24 per cent against a basket of currencies, and from \$2,183 to \$2,267 against the dollar, despite the smoothing by the Bank of England.

Hot money attracted into London in the last few months has more than offset the outflow of private capital from Britain since the abolition of exchange controls last autumn. Overseas investors appear to be attracted by the high level

of interest rates in Britain, and by North Sea oil.

These factors have outweighed Britain's high inflation rate, large balance of payments deficit and fears of industrial unrest.

The £421m addition to reserves caused by a revaluation of part of Britain's gold holdings was contributed to by the European Community and the IMF.

The United Kingdom holds some gold with the European Community system of reserve pooling. This is revalued more frequently than the other gold in the reserves. The quarterly renewal of Britain's pooling arrangement took place last month and a evaluation of the commitment gold added \$341m to the UK reserves.

A further \$80m came from the revaluation of some of the International Monetary Fund's holdings of the UK gold subscription.

There were also substantial public sector transactions during the month which affected the reserves. Nationalized industries repaid a net \$252m of overseas debt in January. The National Coal Board borrowed \$33m and the Water Council \$7m, but the Electricity Council repaid \$272m, the

North of Scotland Hydroelectric Board \$13m and others \$7m.

Of the Electricity Council repayment, \$150m was an early payment of part of a \$1,000m Eurodollar loan taken out in 1973. There is still several hundred million dollars outstanding of this loan, which the Government has said will be repaid by the end of March.

The Government also paid \$83m to the IMF last month in a scheduled repayment on the oil facility where Britain's debt now totals \$DR750m (\$995m).

Britain's total of overseas debt is still huge. If both principal and interest are included Britain now owes about \$30,000m abroad. The Chancellor said last June that the Government aimed to make substantial repayments of its foreign debt, continuing the programme of the previous government to pay back some debt early and thus lower the amount due in the peak repayment years of the mid 1980s.

Britain's reserves were also raised last month by the receipt of SDR 304m (\$392m) from the IMF. This was Britain's share of a three-year IMF programme to pay out SDRs to member countries. The final payment under this scheme will come into the reserves next January.

No telephone tapping in tax inquiries

By Our Political Reporter

Interception of telephone calls or mail was not used to assist Inland Revenue inquiries, Mrs Margaret Thatcher said yesterday.

She was replying in a letter to the Conservative MP Mr Geoffrey Dickens (Buddersfield, West) who had asked whether, in any circumstances Inland Revenue or VAT officers could be given authority to either "bug (break and enter), tap telephones, intercept Royal Mail and use any such information recorded as evidence."

She replied that the type of serious crime which the Barker Committee thought might justify the Customs and Excise seeking a warrant from the Home Secretary for interception "was that of a case involving a substantial and continuing fraud which would seriously damage the revenue or the economy of the country if it went unchecked." That continued to be the criterion.

"The only use to which HM Customs and Excise have put information obtained by these means is to assist the detection of serious cases; and it is for that purpose, and not to provide evidence for use in court, that interception is authorized."

Russia puts anti-Carter message into verse

From Michael Binyon
Moscow, Feb 4

The Soviet campaign against President Carter has been raised to the level of art. After the lengthy leading articles, the words arguments, the political thunderbolts, the Russians have now commissioned a poem to sum up the courageous stand of their people in the face of the threats from America.

The popular illustrated Soviet Weekly has published a 12-verse poem warning the American President not to underestimate the Russians. Entitled "We'll get along without you" the catchy verses are a veritable message of defiance for the masses.

The poet, Oleg Shestinsky, says he lived through the starvation after the civil war, the Leningrad blockade, the times when his feet were frozen and his table was a blasted wreck. An ear of grain to him then was priceless as a pearl. It was as rare as the occasional heavy rest of a soldier. But, he goes on:

The thoughts of rich America
Are naive, simple and mean.
Do they think by not loading
Our stomachs will start to
scream?

James Carter! It's time to
reason,
Think quickly about just this
What a talented people we all
are!

What a powerful nation this is.
Do you think at the about
of a soldier,
Do you think when you wave
your hand
That I'll scurry along obedient,
Beneath your command?

Shall I go and forget the glory
Our ancestors won for this land
In the struggle for rights and
justice
To live peacefully here on
this land?

Congress is in anger and
uproar
But I'll speak straight from
my head:
Shall I sell my brothers in
Kabul
For a loaf of Texas bread?

Pray James Carter, pray now
That your own country so great
Is not struck back a hundredfold
By the twists of evil fate.

The sun shines high in the
Heavens,
It is almost springtime now,
And we know that work
awaits us,
The sowing, the harvest, the
plough.

From Brest to Vladivostok
Our course is clearly in view.
We'll go the long road before
us,
And we'll get along without
you!

Mr Oppenheim 'critical'

Mr Henry Oppenheim, the businessman, was said to be in a "very critical" condition in Wellington Hospital, St John's Wood, London, last night after a brain haemorrhage. His wife, Mrs Sally Oppenheim, Minister of State for Consumer Affairs, was at his bedside.

Rescuers search for seven after avalanche

Seven people were trapped last night on Pen-y-ghent, a 2,273ft peak in north Yorkshire near Horton in Ribblesdale.

Three of the party, which had been involved in an avalanche, were believed to be injured. They were sheltering in a shooting box on the fell side, from a blizzard.

Wolves caught

Six timber wolves which escaped overnight from their compound at Whipsnade Zoo, Bedfordshire, were recaptured yesterday.

Challenge to union over political levy

The Association of Scientific, Technical and Managerial Staffs is being challenged in the High Court over its decision to refuse to allow members to pay their political levy to the Conservative Party. The union is affiliated to the Labour Party. Clive Jenkins, the union's general secretary, in March, 1976, saying it as a condition of affiliation that the affiliate should not at the same time support any rival party.

Power sharing claim

The impasse on power sharing at the Stormont constitutional conference was emphasized when the SDLP came out against the return of majority devolved government. It believes that only if Roman Catholics take part in government at executive level can they safeguard their rights, a concept unacceptable to Unionists.

Racial outbid by GEC for Decca

Attention in the takeover battle for Decca has switched to a possible reference to the Monopolies Commission after Sir Arnold Weinstock's General Electric Company made a formal £82.5m counter-bid for Decca against a £25m offer by Roca. The bid is said to be merging GEC's and Decca's defence electronics interests.

Charter 77 growth

Charter 77, the Czech human rights movement, has issued a new declaration reasserting its role and political aspirations in a European context. The signatories say the movement has grown in spite of repression.

Judge wants inquiry

A call for an inquiry into why the Home Office ignored a probation officer's report recommending the return to jail of a man with a history of sexual attacks on young girls was made by Judge Meurig Evans at Mold Crown Court, Clwyd, after the man abducted two young girls.

Bribes case inquiry by Congress

The ethics committee of the House of Representatives has been examining for some time allegations of misconduct against some of the same members of Congress who are under scrutiny from the Federal Bureau of Investigation in a bribery scandal of Watergate proportions.

Tote abuses

Misplaced enthusiasm by some employees of the totalisator caused abuses and malpractices as a result of which dividends payable to punters were falsely reduced, an independent inquiry has found. There were no breaches of the law and no employee of the tote had sought personal gain.

Terror in Argentina

Two men who escaped from detention in Argentina have prepared a report, made public in London, documenting a "reign of terror" carried out by the Buenos Aires authorities. Systematic torture and murder of hundreds of political prisoners are alleged.

Lady Summerskill dies, aged 78

Lady Summerskill has died from a heart attack at her home in Highgate, north London. She was 78. She entered Parliament in 1938 and gave a lifetime of service to the Labour Party. She campaigned for women's rights and against smoking and boxing.

Civil Service warning: Union leaders to tell minister that industrial action would follow a Cabinet limit on pay increases.

School transport charges: Kent proposals provoke strong opposition from families facing weekly bills of up to £14 for bus fares.

Libya: The French Embassy in Tripoli is attacked and wrecked by demonstrators.

Classified advertisements: Appointments, pages 8, 24, 25; Personal, 25, 26; Sale Room, 24.

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HOME NEWS

Misplaced enthusiasm of tote employees is blamed for abuses

By Marcel Berlins

An independent inquiry has found that because of "misplaced enthusiasm" by some employees of the tote industry there were abuses and malpractices as a result of which dividends payable to punters were falsely reduced.

The report of Mr Francis Aglionby, a Crown Court Recorder, exonerates Mr Woodrow Wyatt, the tote industry chairman, members of the Tote Board and senior officials from knowledge of the abuses. There were no breaches of the law, it says.

The tote industry has announced that all backers showing that they had incurred losses because of the malpractices will have them made good, and has published details of 21 races during 1978 and 1979 where winning dividends were falsely depressed.

The inquiry by Mr Aglionby was set up after disclosures in *The Sporting Life* that tote industry officials had been placed in a tote pool after the start of a race, and sometimes when the result was known.

In principle, dividends paid by the tote industry are supposed to be based on a calculation of the bets placed for each race, after administrative expenses are deducted.

Mr Aglionby concluded that in some cases of after-the-fact, dividends were artificially depressed because the winning bets were placed in the pool, but losing bets were omitted, with the result that there was a greater proportion of winning bets to total bets, and therefore a smaller dividend.

The inquiry also found that six of 995 winning dividends (namely the winning horse only) were distorted by malpractice, but the differences were not as marked. The biggest discrepancy being £11.15 declared instead of £1.57.

Mr Aglionby's report says that "these various malpractices did not arise out of a desire for personal financial gain" and that no individual employee had benefited financially. "The abuses arose out of misplaced enthusiasm by some employees... who took improper advantage of opportunities presented to them, believing that it was in the tote's interests to depress dividends."

The tote industry would not comment yesterday on what action had been taken against any employees, but it is understood that two have been suspended from duty.

Mr Aglionby points out that after the disclosures of abuses last July the tote industry has altered its procedures so that there can be no transmission of bets to the pool after the start of the race. He concludes that the present system is fair.

The report says that there was an "unacceptably high incidence of clerical errors" in collating bets for the dual forecast pools—namely the first two horses in a race which led to a rechecking of bets if the winning dividend was exceptionally large.

"Advantage was taken of this recheck by some employees of Tote Credit Ltd to transmit to the pool further bets which bore no relation to the bets received from clients and which were intended to reduce artificially the dividend." An independent auditor's firm had found that 15 of 697 forecast pools were affected, with dividends reduced by "a very large amount."

Details given by the tote industry show, for instance, that at Salisbury on April 7, 1979, the fourth race should have produced a forecast dividend of more than £52, but the dividend in fact declared was only £5.77.

At Kempton on June 20, 1979, the first race dividend was declared at £33, whereas it should have been £163. Other comparisons are: £21 instead of £104, and £13 instead of £57.

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BSC to meet unions for fresh peace talks

By Paul Routledge

British Steel executives and leaders of the two unions at the centre of the five-week steel strike are to hold fresh talks tonight.

The discussions come after exploratory contacts yesterday between the corporation and the general secretaries of the Iron and Steel Trades Confederation (ISTC) and the National Union of Blastfurnacemen. They are designed to lay the foundations for substantive wage negotiations later this week.

If the steelworkers' full negotiating team of 60 members is summoned to London for the first time since the strike began on January 2, it will be a token of progress in these "talks about talks". Mr William Sims, general secretary of the ISTC, is known to be keen to get an offer he can put to his negotiators.

But Mr Sims and Mr Hector Smith, leader of the blastfurnacemen, remain committed to the bargaining formula of money on the table before they will open serious negotiations.

The steelworkers' said that the resumed action in the private sector was practically solid. A circular to all 800 ISTC branch secretaries revived the strike duty was rendered illegal by the Court of Appeal, and then found to be within the law by the Law Lords. Up to 20,000 steelworkers in the private sector were instructed to withdraw their labour and invited to resume picketing to prevent the movement of steel regardless of its origin.

Other unions were asked to reimpose their blacking of British Steel products and supplies. The plea is thought to refer to the National Union of Railwaymen.

Soundings taken by officials at the ISTC headquarters suggest that the steel has not yet run out of the steel shutdown, which enters its sixth week tomorrow. Branch secretaries of the union report no difficulties in finding volunteers for picket duties. Mr Harold Feather, strike co-ordinator, said: "Morale is still high".

In the wake of talks between TUC leaders and senior Cabinet ministers four days ago on the "rough time" that might follow a breakdown in negotiations between the unions and BSC over the separate issue of steelwork closures, Mr Len Murray, general secretary of the TUC, met Mr George Wright, secretary of the Wales TUC yesterday.

No details were disclosed, but the TUC General Council is understood to be anxious about the all-out strike being called for March 10 over the threatened rundown of Llanwern and Port Talbot steelworks.

People are not willing to be deceived. They realize that, with those already in membership with trade unions and their families, they are a majority of Britain's workforce."

The union said that for the first time members' own-ership was a reality. There had been a large increase in the union's local government members.

Mr Drain added: "It is ridiculous for the Government to pretend that its violent campaign against the unions is anything but an underhand attempt to return employers to their nineteenth-century position of power."

The union delegation will include Mr William Kendall, secretary general of the staff side of the Civil Service National Whitley Council, and Mr Gerry Gillman, general secretary of the Society of Civil and Public Servants.

They will try to persuade Mr Channon that to fix a cash limit below the level of pay increases recommended by the Pay Research Unit will lead only to a hardening of attitudes among union members.

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SDLP rejects return of full powers to Ulster councils

From Christopher Thomas

The Roman Catholic minority in Northern Ireland last night rejected any concept of power devolution to the province unless it had a share in decision-making at the highest level.

The Social Democratic and Labour Party, in a discussion document on local government, said bluntly: "It would be a disastrous policy for any British Government to allow a return of majority devolved government in Northern Ireland under Unionist control."

The paper, while not forming part of the SDLP's formal submissions to the constitutional conference being held at Stormont, sets the tone unequivocally. In essence, the party says that devolved government at

the lowest level, which would still involve substantial powers, would be exercised in a sectarian and discriminatory manner.

And it believes "the same disregard for the rights of the minority in housing, jobs and recreation would apply at government level".

Power could not be returned in the foreseeable future. The activities of many councillors are so bigoted and one-sided that even the very limited powers which councils have at the moment are used in a discriminatory manner.

For the sake of the community in Northern Ireland, all pressures to return functions to local government had to be resisted until there was evidence that such important functions would

not be abused in the same way as the present minor functions were misused.

In other words, the party is rejecting a return of powers from Westminster to Northern Ireland under majority devolved government. It believes that only the participation of the minority at executive level can safeguard its rights.

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Parliamentary report, page 12

Roman Catholics must have share in decision-making at executive level, document says

SDLP rejects return of full powers to Ulster councils

From Christopher Thomas

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the lowest level, which would still involve substantial powers, would be exercised in a sectarian and discriminatory manner.

And it believes "the same disregard for the rights of the minority in housing, jobs and recreation would apply at government level".

Power could not be returned in the foreseeable future. The activities of many councillors are so bigoted and one-sided that even the very limited powers which councils have at the moment are used in a discriminatory manner.

For the sake of the community in Northern Ireland, all pressures to return functions to local government had to be resisted until there was evidence that such important functions would

not be abused in the same way as the present minor functions were misused.

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HOME NEWS

Union challenged over refusal to allow its members to pay levy to Conservative Party

By Frances Gibb

The Association of Scientific, Technical and Managerial Staffs, with a membership of 450,000, was challenged in the High Court yesterday over its refusal to allow members to pay their political levy to the Conservative Party on the grounds that the union is affiliated to the Labour Party.

Mr Ernest Parkin, a senior technologist at Kodak Ltd, Harrow, and an ASTMS member, is suing the union before Mr Justice Woolf for a declaration that members of his branch are entitled to give their political levies to the Conservative Party. He is also suing for an order that the levy be handed over to the branch.

Mr Hugo Page, for Mr Parkin, said that under the union's rules any branch was entitled to a return of one third of the total of its political levy, which was paid into the political fund at the union's head office.

ASTMS officials had refused to pay over the sum, a nominal £10 in the case of the Harrow branch, because the members wished to give it to the Conservative Party to encourage the aims and policies of Conservative trade unionists.

In answer to the branch, the ASTMS officials had sent a copy of a circular dated March, 1976, and signed by Mr Clive Jenkins, the union's general secretary. It said:

"Some queries have arisen recently as to whether political fund money may be spent in support of parties other than the Labour Party. The answer is that it may not."

The union's annual conference had decided some time before to affiliate to the Labour Party and it was a condition of affiliation that an affiliate must not at the same time support any rival electoral party.

"Thus, although the rules do not themselves limit political

fund expenditure to the Labour Party, the declaration of the annual delegate conference to affiliate to the Labour Party does."

Mr Page argued that there was nothing, however, in the Labour Party constitution that made that a condition of affiliation. The case raised the principle, he said, of the extent to which union branches were autonomous or that it can deal with its own funds or members as it wishes, with no regard to the union. But I would not say it can act only on the direction of the national executive and that all its acts are subject to the executive's approval.

He continued: "I do not say a union branch is wholly autonomous, or that it can deal with its own funds or members as it wishes, with no regard to the union. But I would not say it can act only on the direction of the national executive and that all its acts are subject to the executive's approval."

Mr Robert Turner, for the union, said that the annual conference was the policy-making body of the union. The union's rules were the lifeblood of the union's body. The NEC must have regard to the decisions of the annual conference when carrying out its duties.

If the annual conference recommended that the union should affiliate to a body, and that proposal was endorsed by the executive, then the union had to incorporate all the obligations of that affiliation and become subject to the rules of that body, he said.

"You cannot have a situation where the same organisation is supporting two diametrically opposed political beliefs," Mr Turner said.

Mr Justice Woolf questioned the authority of the view that in joining another body, the rules of a union became subject to a more restrictive interpretation.

He said: "You join another body which happens to be restricted to promoting the

interest of one political party, and therefore your political funds can be used only for promoting the political objects of that body. What authority is there for that?"

Mr Turner said he could not quote an authority but would research the question. He argued further that when Astms members chose to pay the political levy (£1.20 a year), which was optional, then they knew full well on what the money would be spent.

The judge said the case rested on whether Mr Jenkins was right in his circular. "There is clearly a question of principle as to whether or not the fact that the annual conference decides to become affiliated, and then does so, restricts the use of branch political funds to support other parties."

The case could lead to large sums of money at present in the Astms political fund being demanded by Conservative branches for financing their party.

Mr Parkin said it had arisen because he had decided to stand up and be counted. His standard of living at the time was being eroded by the policies of the last government.

Rather than opting out of paying the levy, as most of the 200 members of his branch had done, he decided to pay it to bring about change from the inside.

At a meeting held in 1978 of 10 of the 16 levy-paying members, a resolution was passed by six to four asking the union executive to refund the one-third of the levy to which they were entitled so that the money could go to the Conservative Party to "promote better understanding of the policies and aims of Conservative trade unionists".

The hearing continues today.



Poison check: Firemen in protective gear yesterday examining a canister marked with skull and crossbones after it was washed ashore on the Isle of Wight. Twenty canisters of arsenic

trichloride, which gives off poison fumes if exposed, have been washed up from the Greek cargo ship Aeolian Sky, which sank in the Channel off Portland in November. Leaders of the tourist

The team who listen for silent letters

By Kenneth Gosling

It is absolutely official the way to pronounce the Irish Prime Minister's name is "Haw-hee", the BBC has learned from painful experience.

Earlier they had decided there were two ways to say it and settled for "Hochi" the "ch" being soft as in "loch". Complaints arrived and the BBC's Pronunciation Unit wrote to his office. What was it, they asked, and the answer was "neither".

That kind of situation fairly commonplace for the unit which has two small offices at a staff of four (at present three) in Broadcasting House including Mr Graham Paine, the pronunciation adviser, who became its head last year. It is the first professional linguist to run the unit for more than 50 years.

The corporation is extremely conscious of its duty to maintain a high standard of English which is why it is incumbent on announcers and newscasters to abide by the unit's rulings. Could you imagine an announcer who does not know the correct pronunciation, stirred considerable feeling, a few listeners even making abusive telephone calls to the unit.

There are cases where, if a name is read wrongly, it means is not only different but can be insulting.

Take "Qorbadah", the name of Iran's Foreign Minister, which is pronounced with "th" in the middle. The unit decided that a "d" would be more comfortable as a "g" - "god-baadah", but then discovered that the hyphen came after the "b", others, it was something rude.

Mr Paine dramatically frisks from among his famous broadcasters; he thinks names are extremely high a priority that it would be wise and unfair to apply the same yardstick to the Jimmy Youngs, who you could call, say, "Radio 3" in the middle.

"The announcers are under terrible pressure sometimes we can get a query on a name only two minutes before a bulletin goes out."

The way the use of language should be used is under a strict scrutiny by the unit. Increased travel, people have more aware of foreign place names. The unit telephone many travel agents to find out how they pronounce the names of some resorts. It also gives names to the BBC's World Service.

The unit always tries to establish with an individual (like the Polish footballer played for Wales) how he pronounces his name. That one was named "Krzysztof". Names are harder than they seem. Mr Paine says, 3,000 million of them in the world, any of which an airman could fly on.

There have been many difficulties, though. A piece of music was written and named "dedicated to Them" the clarinetist. Its name is Houkani.

As the unit gets all Radio 3 scripts to pore over they queried the name, Was by any chance, a Sanskrit name? It was the name of King's, and to say how it was pronounced through her daughter, everyone there said "Who c he be?" and most of it was

Minister warns council over big rates rise

From Our Correspondent Edinburgh

Mr George Younger, Secretary of State for Scotland, indicated yesterday that he would act against a Labour-controlled Lothian Regional Council if, as has been forecast, it raises rates by about half.

After talks in Edinburgh with Mr John Crichton, regional convenor, councillors and senior officials, Mr Younger said he had been "disturbed by the council" reported plans. "I told the deputations that in my view a rates increase of anything like this sort of figure is simply not on."

Mr Younger said he hoped the region would reconsider. He had told the deputations of the powers he possessed to make some savings for ratepayers, Mr Younger said he hoped he would not have to use them but that he would do so if big increases emerged.

Mr Crichton said later that a final decision had not been made. The final figure would not be known until next week. Our Grimsby Correspondent writes: Ratepayers in Cleethorpes, Humberside, face an increase of 25 per cent. The rate will probably be 19.76p in the pound.

Our Nottingham Correspondent writes: Nottinghamshire County Council said yesterday that the new rate would be 91p up at 84p, an increase of just over 12 1/2 per cent.

Three transplants at unit with cash difficulties

Three kidney transplant operations were carried out last weekend in the kidney unit at Dulwich Hospital, London.

The unit had been told to suspend operations until April because of lack of funds, but the British Kidney Patients' Association then provided substantial cash aid.

One patient given a kidney was an emergency case and the others would not have survived until April, Mr Michael Bewick, consultant transplant surgeon for Kent, Surrey and Sussex, said. All three were doing well.

"On Friday we had 16 patients waiting for transplants, 12 of whom would not have seen April 1" he added.

The kidney association is

willing to provide £5,000 a transplant and the hospital is to be allowed to carry out 16 transplants before the end of the year.

Mr Bewick said that the patients waiting for operations were being treated temporarily at a cost of £1,200 a day for the 16.

There are 1,700 people in this country waiting for a kidney, and if we keep getting patients coming in at the same rate we shall be in real trouble by April.

The commissioners appointed by the Government to run Lambeth, Southwark and Lewisham Area Health Authority had told the Dulwich unit at Christmas that it had spent twice its £200,000 budget.

Ministry drive to stop car tax evasion

By Peter Waymark Motoring Correspondent

The Department of Transport is conducting an internal inquiry into ways of stopping the widespread evasion of car tax. Mr Norman Fowler, the Minister of Transport, expects to receive a report by the middle of May.

The inquiry was instigated by Sir Derek Rayner, the joint managing director of Marks and Spencer, who is advising the Prime Minister on reducing government waste.

that evasion of car tax is running at between 7 and 9 per cent, with an annual loss of revenue of £50m-£60m. The inquiry will look at the method of vehicle licensing and its enforcement to see where improvements can be made.

An attack on evasion was a likely consequence of the Government's decision not to proceed with the Labour Government's plan to abolish car tax and raise the money instead through extra duty on petrol.

Meanwhile Mr Fowler has announced a series of campaigns by the police to catch tax dodgers in selected areas. The aim is first to encourage owners to tax their cars voluntarily and then to take action against those who do not.

The first target area is Northamptonshire, where motorists who do not pay the tax by February 15 have been warned that they face prosecution. Department of Transport enforcement staff will be working with the police

Four years for raider who checked others

A sixth person was convicted and sentenced at the Central Criminal Court yesterday for his part in a raid on an American oil executive and his family.

During the raid, 11 months ago, Mr William Kuhn, aged 38, was said to have been beaten and kicked and had a gag forced down his throat with a stick, and his wife, aged 36, and daughter Kim, aged 14, were threatened with rape.

Joseph McCormack, aged 25, a carpenter, who was said to have stopped his accomplices from even further violence, was jailed by Judge Buxard for four years.

Mr McCormack, of Campana Road, Fulham, London, was found guilty of robbing both Mr and Mrs Kuhn at their Chelsea flat. A charge of causing grievous bodily harm was left on the file.

Petition urges continuation of meals subsidy

By a Staff Reporter

A petition with 162,000 signatures, urging the Government to drop clauses in its Education Bill that remove from local authorities the duty to provide subsidised school meals and transport, was handed in at Downing Street yesterday.

One of those presenting it, Mr Peter Richards, an agricultural worker from Stapleford Tawney, near Romford, Essex, said he would take his five sons, aged five to 14, away from school in April if Essex County Council went ahead with plans to increase school meal prices from 15p to 50p a day and charge 50p a day for transport.

"That will cost me £25 a week," Mr Richards said. "I take home £77 for a 54-hour week and I just cannot afford it."

He was prepared to go to prison, he said, should the court order him to send his children to school.

Coconut slide

The A52, near Ashbourne, Derbyshire, remained closed yesterday nearly three days after thousands of gallons of coconut oil spilled on the road

Hostesses at club 'ladies' not trollops

By a Staff Reporter

Hostesses at Churchills Club in London, were ladies and not trollops, a man who said he had been a customer at the club for many years said at Knightsbridge Crown Court yesterday.

Mr John Monks, of Hampstead, London, owner of an import and export fashion business, said he had been going to Churchills Club since the end of the war and none of the hostesses there had ever propositioned him or any of his companions in the bar of his

Mr Monks, aged 67, was giving evidence for the defence in the trial of Harry Meadows, aged 63, and his son, Andrew, aged 38, directors of Churchills and the 21 Club, both in Mayfair, who deny living off the immoral earnings of prostitutes between 1975 and 1977.

Mr Brian O'Hanlon, a freelance journalist, said Churchills was among the very best of clubs, if not the best. He was asked by Mr Richard Du Cann, for the defence, if he would recommend Churchills to a man seeking a prostitute.

Mr O'Hanlon replied: "I would not think of Churchills in that connection at all." The trial continues today.

Independent schools offer 10,000 places for scheme

By Our Education Correspondent

A total of 371 independent schools have so far provisionally offered just over 10,000 places for pupils participating in the Government's assisted places scheme. Places for boys and girls are roughly evenly balanced, but there are wide regional variations, Mr Rhodes Boyson, Under-Secretary for Education, said yesterday.

Mr Boyson, in a Commons written answer to Mr Nigel Spearing, Labour MP for Newham, South, that up to yesterday schools had offered 4,385 places a year for boys, 4,087 places for girls, and 1,748 places at mixed schools.

In the East Midlands 15 schools have offered 233 places; in Wales 15 schools have offered 440 places; and in East Anglia, 18 schools have offered 351 places. That compares with 136 schools in the South-east, which have offered 3,811 places, and 50 schools in the North-west, which have offered 2,149 places.

Figures for other regions are as follows: Northern, 19 schools, 408 places; Yorkshire and Humberside, 27 schools, 517 places; West Midlands, 11 schools, 1,177 places; South-west, 57 schools, 1,134 places.

The Government sent letters to more than 1,000 independent schools on December 6 asking them to indicate whether they would be interested in participating in the scheme, and to say how many places they would offer each year. The schools were asked to reply by January 31, although Mr Boyson expects that not all will come in.

As originally proposed, the Government's scheme was to have started in September 1981, with 10,000 to 15,000 pupils. However, the Government has decided to halve it to 5,000 places, which will be made available in the first year of the scheme, and to say how many places they would offer each year. The schools were asked to reply by January 31, although Mr Boyson expects that not all will come in.

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Charred bodies found on cliff

Two charred bodies were found yesterday in a burnt-out car at the top of a remote 250ft cliff near Portreath, in North Cornwall. A scientific examination of the Renault 16 car and the bodies was made.

Devon and Cornwall police said: "We don't know how long the bodies have been there."

It plunged through a fast-rising wind, and came to rest on the Harrogate to Bradford road.

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HOME NEWS

Home Office
'ignored
report on
attacker'

A man described as a public menace, with a history of sexual attacks against young girls, struck again after being released on licence from a life prison sentence. It was stated at Mold Crown Court, Clwyd, yesterday.

Judge Meurig Evans called for an investigation into why the Home Office ignored a probation officer's report that John Victor Subrenski should be returned to jail, four months before he abducted two young girls.

Judge Evans said he echoed the probation officer's thoughts that Mr Subrenski, aged 64, father of five children, should not be released "as long as his health and strength lasts".

The court was told that the two girls, aged seven and eight, were saved from possible permanent harm by a young couple, who followed Mr Subrenski's car and informed the police.

Mr Subrenski, unemployed, of Douglas Grove, Darwen, Lancashire, was jailed for four years after admitting two charges of abduction. The prosecution accepted his pleas of not guilty to two more charges, which were alternatives of child stealing.

Mr Subrenski, who was born in New York, asked for a further offence of common assault on a girl of 10 at Shrewsbury on January 16 last year to be considered.

Mr David Hale, for the prosecution, said: "The defendant has a serious and long history of offences against young girls. He was sentenced to life imprisonment in 1957 for an offence of carnal knowledge on a girl of nine. He was released on licence from the life sentence in April, 1977."

Both these offences being heard today took place on September 4 last year. On September 7, in consequence, the Home Office revoked his licence and the defendant is now in prison again serving a life sentence.

Mr Elgan Edwards, for the defence, said that recommendations by Mr Ellis Chapman, a Lancashire County Council probation officer, that the accused should be returned to prison had been ignored. He added: "The Home Office must bear a very substantial responsibility in allowing this man the opportunity to commit offences of this nature."

Mr and Mrs Richard Stevens, of Prince Edward Avenue, Rhyl, who followed Mr Subrenski after he had got one girl into his car, were praised by Judge Evans and awarded £50 each out of public funds.

A Staff Reporter writes: Neither the Home Office nor a Parole Board panel had considered Mr Subrenski's recall justified, but his licence was revoked as soon as his conduct gave real cause for concern, the Home Office said last night.

Whitehall brief: Sir Leo Pliatzky, trenchant 'rhino' of the Treasury

Counter-puncher quits the subfusc ring

By Peter Hennessy

When Sir Leo Pliatzky left the Treasury in 1977 to become Permanent Secretary at the Department of Trade, his friend Sir Lawrence Airey, bought a poster of a rhinoceros as a farewell card. All the top economic policy makers signed it, from Mr Denis Healey down. At the bottom, in bold type, there was an inscription that read: "I may have my faults, but being wrong is not one of them."

It now hangs in his Thames-side flat in Southwark, to which he repaired last week after his retirement from the Civil Service. By the subfusc standards of Whitehall, Sir Leo is unforgettable.

A private chat with him was quite free of the circumlocutions and double negatives that normally blight senior Civil Service conversation. The usual adjectives like "direct" or "salty" are too soft to describe Sir Leo in full cry. As Sir Lawrence's rhino shows, most people loved him for it.

Sir Leo was one of the recent vintage of permanent secretaries who entered Whitehall in the postwar "reconstruction competitions" after a period in the Forces. They were, by instinct, jaundiced standards, an idealistic generation. Sir Leo recalls:

We did believe in public service, which does not necessarily mean that of nationalisation and controls. We were conscious that our country had done a great thing in the war. We thought we could do great things in the peace. There is a certain sense of disappointment and frustration, looking back. As a country we have been relatively weak in power and strength. Nevertheless, the face of society has changed, materially

and socially, certainly for the better in most respects.

Great things for Sir Leo had to wait for a few years. In 1948, his second year as a civil servant, he learnt a sharp lesson in political reality.

As head of branch in the animal feedings division of the Ministry of Food, it fell to Sir Leo to supervise the distribution of "national pigeon food".

Outraged pigeon fanciers, mainly from the north, where he had grown up, swamped Sir Leo's branch with 50,000 letters of protest.

In 1950 Sir Leo joined the Treasury and began to develop his distinctive style, which he describes as "counter-punching", reacting to the ideas and drafts of others. His worst year as an official was 1976, when sterling collapsed. At the end of 1975 he had been promoted to the second permanent secretaryship in charge of public spending, which was out of control. It took a great deal of "counter-punching" for Sir Leo to set it right.

Service ministers and Sir Leo had stopped the rot by the time the International Monetary Fund arrived in London in the autumn. He is cautiously revealing about that *annus horribilis*.

The IMF were requiring further cuts. It is common knowledge that the Labour Cabinet was deeply divided. It was quite vital that we should get a set of measures that would enable us to get the IMF out, the key to getting other and bigger credits. It was equally crucial that the package should be acceptable to the Cabinet. The tension was between the two things and the Treasury had to bring them together. If the government had fallen under



Photograph by Bill Warhurst

Sir Leo Pliatzky: More than salty in full cry.

foreign pressure, it would have been terrible for the country to undergo a repetition of 1931.

As a former permanent secretary at the Department of Trade, he is equally candid about the "New Cambridge" school of economists, associated with Mr Wynne Godley, who urge import controls as an indispensable part of any solution to the country's economic woes. The argument should not be about free trade or protection, but about whether you maintain trade within agreed international rules which do allow for a degree of protection. Import penetration is not the cause

of our industrial weakness. It is a symptom. Import controls, to a greater or lesser degree, may be an inevitable reaction to industrial weakness, but they are not a cure. If Wynne Godley thinks he has found a formula for getting away with total protection inside the international rules, he has deceived himself and I hope he does not deceive too many other people.

Sir Leo in retirement will take one public sector and one private sector job, neither of which he can yet divulge, and a visiting professorship at the City University, where he will write a book on public expenditure.

Islands on the watch for tankers
carrying potential disaster

Regional report

Ronald Faux
Sullom Voe, Shetland

Misbehaviour by oil tanker crews is the concern of Mr Alistair Grubb, the pollution control and safety officer for Shetland. The islands are a convenient point to bring ashore pipelines from the oilfields lying to the east, but a less suitable place to manoeuvre large oil tankers, each loaded with a potential disaster.

Storm-force winds blow more regularly around Shetland and the seas are notorious for their anger, strong tides and dangerous overfalls. With a peak flow of 1,000 tankers and some 60 million tonnes of oil moving each year from the terminal at Sullom Voe, the possibility of an environmental disaster may seem a question of when, rather than whether.

Fears were confirmed with almost the first ship to moor at the jetty. "First oil ashore in Shetland", a *Shetland Times* headline said in irony rather than pride. The Esso Bervicia punctured a fuel tank as she moved against the jetty and 1,000 tonnes of heavy fuel leaked into Sullom Voe. Everyone knew in theory the damage such a spill could inflict, but the reality was more terrible.

The gluey slime infested the shoreline, killing at least 4,000 birds, including great northern divers, Hooters, swans, black guillemots and shag. More than 20 otters, who lived in the protection of the buffer rubble beside the jetty, choked to death. The clean-up cost £3,500,000 and was followed by the appearance of other oil slicks on Shetland's shores, probably from vessels cleaning out their tanks on the assumption

that Shetland was a "pollution-free" area.

The lesson was hard. Shetland Islands Council, the port authority for Sullom Voe, already had the reputation for taking a tough line with the oil industry. Clearly that had to be extended to the tanker fleets. The service Mr Grubb controls plans and spots every oil slick and tar ball that lands on Shetland. The surest weapon against mishap or misbehaviour by tankers is the islands' air patrol.

When a tanker is 200 miles from Yell Sound it is required to report its position. The aircraft of the pollution patrol flies towards the tanker checking her projected course for any hint of pollution and covering the course twice before the vessel reaches Shetland waters. The pilotage and tug service then takes over to guide the tanker into the terminal area.

The operations are scanned and video-recorded by radar and, since the Esso Bervicia, no serious spillage has occurred, although there have been minor incidents, and at least one near miss.

The Great-orbit tanker Scenic put Mr Grubb on full alert recently. After the 60,000-tonne vessel arrived at the terminal, crew members were

seen smoking on deck and terminal staff confiscated matches and lighters. Mr Grubb said. Subsequently 200 gallons of oil spilled into the sea, and the master was fined £3,830 at Lerwick sheriff's court for causing the spill. Then the tanker was overloaded by 3,000 tonnes and could not leave. After that was corrected, a check on safety equipment by trade inspectors disclosed serious shortcomings.

Eventually the Scenic left Shetland and rounded Muckle Flugga rock, heading down the east coasts of the islands, when there was an explosion in her engine room. Five crew men were injured and the ship was left drifting without power.

Other rules which Shetland has introduced include a 10-mile limit for tankers around the coast and a ban on tankers sailing between Foula Island and a reef near by.

Eventually Mr Grubb hopes the patrols will be carried out in an aircraft, fitted with infra-red cameras sensitive to the thinnest oil slick. The service is also negotiating for a computer terminal that will provide instantly the safety record of any tanker.

Equally important will be Shetland's growing reputation as a port where miscreant tankers are heavily fined.

Opposite the oil jetties the pollution service stands on permanent alert, with large tanks of solvent, inflatable booms, machines for consuming oil slicks, multi-wheeled vehicles that can take men and cleaning material to remote coastlines, fast launches and a landing craft. It is a service that will be happy to remain idle.

Baby in fire
is dropped
to safety

Staff Sergeant Leonard Moore yesterday caught a baby boy, aged 7 months, who was dropped by his mother from the bedroom window of a blaring house near Camberley, Surrey.

He then climbed up a rain-water pipe and rescued a boy aged two.

He said that, as the window would not open, the mother smashed it and put the baby out through the broken glass and dropped it. The baby was unharmed apart from a few scratches to his head. "He came down head first and almost slipped through my fingers", Sergeant Moore said.

"The ground floor of the house was filled with thick, black smoke, and there was no way they could have got out through there."

Mrs Julie James, who was rescued by the fire brigade, the baby, Timothy, and her other son, Paul, were detained in Frimley Park Hospital.

Wide variation in price
of wine in restaurantsBy Robin Young
Consumer Affairs
Correspondent

The price of a wine can be three times as high in one restaurant as in another, and list prices can vary by as much as £170 for a single bottle.

Those are my findings from a price comparison of 25 restaurant wine lists. Full details are printed in the February issue of *Decanter*, the bibulous bargain-hunter's bible. The survey discloses more than 40 instances in which a restaurant was charging more than double the price at which the same wine was available in another. For example, a bottle of Chateau Lafite 1967 would be £19 at the Cafe Royal, but £49.20 at the Selfridge hotel. Chateau Mouton-Rothschild of the same year would be £56.28 at the Selfridge, and only £17.95 at the Cafe Royal.

A bottle of Chateau Latour 1967 available in the Tate Gallery restaurant at £16.67 would set back those who take their meals at the Tower Hotel £49.62, and Chateau Margaux 1969 is only £22 at Keats restaurant, in Hampstead, but £66.30 at Le Gavroche, Chelsea.

Price variations in the provinces are no less marked than in the capital. Chateau Latour 1962 is £58.50 at Pool Court, Pool-in-Wharfedale, West Yorkshire, but only £20 at Houghton house, Upball, Louth; 1957 Lafite is £46.29 at the Elizabeth, Oxford, and £21.88 in the Malmston restaurant of the Central Hotel, Glasgow.

Even between country inns the difference can be as great.

£4.75m by-pass
diverts listed
town's traffic

Ludlow, listed as one of the best 50 towns in Britain for architectural merit, was yesterday freed from the ravages of twentieth-century traffic with the opening of a £4.75m by-pass.

Conservationists had urged the building of the road to relieve the bottleneck of the A49 trunk route through the Shropshire town's ancient centre. Lorries have damaged Tudor and Georgian buildings.

The road was opened by Mr Kenneth Clarke, Parliamentary Under-Secretary of State for Transport, seven months behind schedule. The project was delayed by government restrictions on public sector building in 1975 and then by Britain's worst winter for 16 years.

For the first time in 600 years the picturesque Ludlow bridge, over the river Teme, will not be required to carry through traffic.

Warrant issued
for German
tanker skipperFrom Our Correspondent
Southend

Magistrates at Rochford, Essex, issued warrants yesterday for the arrest of a German oil tanker that was involved in a collision at the methane gas terminal on Canvey Island.

The two men failed to appear to answer joint summonses relating to the incident last April 22, when the terminal jetty was damaged.

Mr Derek Chisnall, prosecuting for the Port of London Authority, applied for the arrest warrants and told the court the two accused had left the country the previous day. Captain Udo Blank and Volker Rusch, first officer, are jointly accused of navigating in a manner liable to injure or endanger the installation, careless navigation and unlawfully navigating the tanker Sea Enns under automatic steering in the Thames estuary.

WHY YOUR LAST FUEL BILL
CHARGED YOU
FOR HEAT YOU DIDN'T USE.

You've been paying for the heat that got away. The heat that disappeared through your walls, windows, tank and loft, only to reappear on your fuel bill a few months later. It's obviously heat you can do without, so why not do something about saving it?



For instance, if you fit your hot water tank with a good thick jacket, the heat it retains will keep water hot for longer, consuming less fuel and less money.

Yet even with the thickest jacket there will still be enough heat to air your clothes.



If your bedroom cools down quickly at night, perhaps you should sleep in your loft.

Because that's where the heat could be going.

A full 3 inches of insulation (mat or loose-fill) would keep that warmth where it's most appreciated.

Without efficient insulation your loft is adding a huge extra room to your heating bill.



If you have a large window in your living room, that window could be quietly lowering the temperature while your central heating works overtime to raise it.

In a case like this you'd be well advised to consider double glazing.



And if you heat your house for most of the day, why not talk to some specialist firms about the possibility of installing cavity wall insulation? Here again you could find dramatic savings in fuel.

We've included more advice on these and other forms of insulation in our booklet "Make the most of your heating". (You'll also find details of a grant of up to £50 towards loft and tank insulation.)

Post the coupon and we'll send you a free copy.

To: Dept of Energy, Make the most of your heating, P.O. Box 702, London SW20 8SZ.

Please send me a free copy of your booklet.

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DEPARTMENT OF ENERGY

T.T.6

MAKE THE MOST OF ENERGY



Professor Burns in London yesterday: "I am worried about old anti-Kennedy stereotypes emerging in Britain."

Kennedy campaigner aims to correct Britain's 'negative' view of senator

By Ian Bradley

A senior American political scientist, who has written biographies of several members of the Kennedy family, came to London yesterday to counteract what he describes as the negative attitude to Senator Edward Kennedy in Britain and to lend his weight to the Kennedy for President campaign in this country.

Professor James MacGregor Burns, Professor of Political Science at Williams College, Massachusetts, was on his way to a European management conference in Switzerland.

He said he had decided to break his journey for a day in London "because I am very worried that the old anti-Kennedy stereotypes are emerging once again in the British media".

The British attitude to Edward Kennedy, he said, was very similar to the attitude to John F. Kennedy in 1959. "There is still what seems to me to be a misunderstanding based on British memories of Joseph Kennedy when he was ambassador here, and when he seemed to be complacent in the face of Nazi aggression, if not indeed defeat."

During his day in London Professor Burns gave an interview to the BBC and spoke to journalists gathered in the Pall Mall office of Mr Thomas Conlon, the American lawyer who is running the Kennedy for President campaign, aimed at the 100,000 Americans resident in the United Kingdom.

Mr Conlon, who was in jubilant mood, having just received 150 Kennedy badges from campaign headquarters in the United States, introduced Professor Burns as "just back from the front lines", having campaigned for Senator Edward

Kennedy in California, Vermont and Iowa.

In fact, it emerged that Professor Burns had not been part of the official Kennedy campaign but had used his own money to take some of his students on a tour of colleges, "saying what I wished".

Professor Burns, whose biography of Edward Kennedy is subtitled "The Camelot Legacy", said he regarded the Kennedy family as symbolizing both sides of the Arthurian legend: "the drama, the violence and the deceit; and the courage, the nobility and the honour".

He admitted that the Kennedy family's Irish roots made them slightly suspect in English eyes.

But it was with a Welsh politician that he compared them. Given time and maturity, he said, the caution of a man who did his training at the London School of Economics in the late 1940s, "I think that any of those three Kennedy brothers might have developed in terms of vitality and drama into a Lloyd George".

Professor Burns's main message to the American voters in Britain, and to the sceptical British, is that "Edward Kennedy is essentially not a glamorous figure; he is a very serious and committed public man in the strong liberal democratic tradition of Truman and Roosevelt".

He admits, however, that his hero has a less than fifty-fifty chance of gaining the Democratic presidential nomination. If it were only a matter of gaining the votes of Americans on this side of the Atlantic he might well be more confident. The Carter Campaign has not even set off the ground yet in Britain.

£35,000 jewel stolen from exhibition stand

The police are investigating a series of thefts at the International Spring Fair at the National Exhibition Centre, near Birmingham, including the disappearance of a diamond valued at £35,000.

The brilliant-cut, 3.4-carat gem was taken from a display cabinet on one of the stands. It is thought that a stand assistant's attention was distracted by one man while another took the diamond.

The men are described as smart looking and aged between 30 and 45. A 3 cwt box containing silver candlesticks and gold-plated trays, valued at £2,000, and cigarette lighters and powder compacts valued at £1,000 were also stolen last weekend.

Energy conservation cuts 'may put old at risk'

From Our Correspondent

Glasgow

An urgent appeal is being made to the Government to set up insurance advice centres because of the fear of many more deaths among the infirm and the elderly who are having to cut back on heater heating.

Scottish representatives of Shelter, Age Concern, the Consumer Council, Fuel Poverty Action, the Conservation Society, and Friends of the Earth pointed out yesterday in Glasgow that most homes were so poorly insulated that 70 per cent of the heat used was lost.

They said that resources given to energy conservation should not be cut back and that there were between 3,000 and 5,000 deaths a year in Scotland linked to hypothermia.

A letter signed by Mrs Margo MacDonald, former vice-chairman of the Scottish National Party, who is now director for Shelter in Scotland, is being sent to Mr David Howell, Secretary of State for Energy, with a copy to all of Scotland's 71 MPs. It expresses deep concern at reports that the Government is considering further cutbacks in energy conservation. It points out that more advice to people on insulation was essential, especially to poorer people who spent about twice as much on fuel as the population as a whole.

Without that "many people will have to consume more

Murder inquiry after fire at bungalow

From Our Correspondent

Grimsby

Humber police mounted a murder inquiry yesterday after a fire at a bungalow, in which a man died in hospital at Grimsby after fire at her home in Valda Vale, Immingham.

The site of her home, a bungalow, was described by neighbours as "just a hole in the ground" after it burst into flames as police and firemen brought out Mr Brian Talley, aged 39, curator of Immingham museum, his wife Christine, and two other children, Matthew, nine, and Edward, aged five.

Mr and Mrs Talley were detained in hospital yesterday after undergoing emergency operations. Detectives were by their bedside.

Closed frontier gates cast their shadow over Gibraltar election

From Our Correspondent

Gibraltar, Feb 4

The people of Gibraltar go to the polls on Wednesday to elect 15 members to the House of Assembly from the 27 candidates.

Sir Joshua Hassan, the outgoing Chief Minister, will be repeating his successful election formula by asking voters to return him and seven other members of his Association for the Advancement of Civil Rights/Gibraltar Labour Party (AACR/GLP) en bloc.

During Sir Joshua's last term of office two members of the opposition joined his party. Mr Brian Perez, a lawyer, and Dr Reginald Valarino have proved very useful additions to the AACR/GLP strength and allowed Mr Abraham Serrano and Mr Aurelio Monzeglio to retire.

Although the Gibraltar Government responsibilities for the Rock's 20,000 inhabitants are restricted to internal affairs, the past three elections have been fought around the problem of relations with Spain. For 12 years the frontier gates have been closed and the Government of General Franco tried to gain sovereignty over the Rock. Spain's return to democracy has brought little change of heart.

Telephone links between Spain and Gibraltar have been restored and a blind eye turned to resumed trading. A few prominent citizens with strong Spanish connections are allowed to sail their yachts into Algeiras, 20 minutes across the bay. But for the large majority of Gibraltarians access to Spain is still a ferry trip via Tangier, which means from seven to 12 hours of travelling and a minimum expense of £60 per person.

A charter flight to London is as cheap and takes little over two hours. The Hassan approach to the Spanish problem is built around regular reminders to the British Government of Britain's obligations that she should not hand over the people of Gibraltar to a foreign power against their freely and democratically expressed wishes. Yet he has shown willing and without prejudice attended Anglo-Spanish meetings.

Foreign Minister level to seek a break in the impasse. Spain is moving towards Europe in terms of the council

of Europe, EEC and Nato, but Gibraltarians have little faith that this democratization process will bring any opening of the frontier gates without concessions to Spain.

A nucleus of opinion on the Rock, small but vociferous, points to the disadvantages of such an open frontier. The neighbouring provinces of Cadiz and Malaga have the highest unemployment figures in Spain. Gibraltarians enjoy parity of wages with Britain and full employment. There are fears that the high standards of living enjoyed on the Rock could be lost if the frontier is opened.

The three candidates of the party for the Autonomy of Gibraltar are standing on a ticket which calls for a negotiated settlement with Spain. Leading the team is Mr Jose Emanuel Triay, a lawyer, who was heavily criticized when he suggested a settlement during the early days of the Franco campaign against the Rock. He contends that Gibraltar's colonial status must come to an end and see a natural relationship developing with Spain. Incorporating the idea of autonomy into the party's title recognizes the parallel process of regional administrations being developed in Spain. Andalusia holds its referendum on autonomy in February, 1981.

One other party, the Democratic Party for British Gibraltar (DPBG), has put forward eight candidates. Their leader, Mr Frank Isola, has a long history of sitting on the Opposition benches.

Mr Joseph Bossano, a trade unionist and economist, has kept the Government on its toes over the past four years. His radical Socialist stance is the only one of the candidates standing. None of the others, mostly unionists, has previous experience in politics.

Mr Eric Elliot, an independent, has previously shown an inclination towards a settlement with Spain. Finally there is the independent Nationalist candidate, Dr Cecil Isola. He is against an electoral system that favours party politics and preaches the evils of a National Health Service. In the previous elections, he narrowly missed being returned.

No matter how much the local affairs intrude into the campaign the Spanish frontier gates will dominate the thoughts of Gibraltarians.

French point to merits of their own bomb

From Our Own Correspondent

Paris, Feb 4

No aggressor could underestimate the French nuclear deterrent. Mr Yvon Bourges, the Defence Minister, said yesterday during a visit to the new staff college of the land forces.

Within the next decade it would undergo significant development with the coming into service every 18 months, between 1985 and 1990, of a new nuclear submarine, equipped with 16 launchers for the new M4 missile.

In an uncertain world divided by the clash of interests and ideologies, it is not the least merit of the Fifth Republic to have endowed the country with a national defence and the means of implementing it," he said. "Can anyone imagine what, in present circumstances, would be the position of France without this effort?"

M. Bourges said France could defend its interests and keep its commitments towards its allies as well as "reclaim a common stand with those who share its views".

A spokesman for conventional armaments, he emphasized that it would have been all the more serious not to have made a great effort for the conventional equipping of the army "as the crises arising in the world—none of which leave us indifferent—do not by definition involve the nuclear deterrent".

From Ian Murray

Paris, Feb 4

The French Communist Party is hell bent on revolution. Any idea that it might still be prepared to reshape its alliance with the Socialists must have died at the Young Communist rally over the weekend at Virey-sur-Seine.

M. Georges Marchais, the party leader, told the closing session last night that this was the age of revolutions and declared: "We want to make the revolution." The 1,300 national delegates cheered "Yes, yes, yes. We are the Reds."

M. Marchais, fresh from his summit meeting in Moscow with Mr Brezhnev, was the hero of the occasion. There was no thought for a renewal of the old union of the left with the Socialist Party. Revolution and not reform was the theme of the rally.

There was a clear difference in the position of Communists inside and outside the country. Outside France, he said, they were part of an international revolutionary movement that was standing up to capitalist imperialism. In France they were alone and isolated from employers and social democrats.

"We do not complain of that," he went on. "It is a matter of pride to us, the Communists, to be the revolutionaries in a world of reactionaries." It was time, he said, to close ranks and to build a socialism "to the taste of our people, in the colours of France."

To achieve that he called for "a pure and tough revolution" and a force of new hope for the people and for our nation. It was not only a landmark in the so-called normalization era after 1969 but a qualitatively new phenomenon in our post-war period. It has marked a turning point in the history of the French Communist Party, which has been a catalyst, even though it considers it its duty to defend also those citizens who are seeking political solutions

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This was the fundamental reason for the publication of Charter 77 three years ago. At that time we understood that the defence of human and civil rights was an important prerequisite for an existence free from repressive manipulation and fear. It is also an essential condition of non-conformist social and cultural activities which to a large extent determines the preservation not only of the human and civil identity of the individual but also of the identity in the spirit of European cultural traditions.

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Revolution not reform is Marchais theme now

From Ian Murray

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Charter 77 assesses future role after three years' persecution

By Our Foreign Staff

Prague, Feb 4

Charter 77, the Czechoslovak human rights movement, reassesses its role and political aspirations in a statement just issued. It says it enters its fourth year internally united and with a clearer understanding of its achievements and shortcomings.

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OVERSEAS

Congress inquiry into members named by FBI in bribery scandal

From David Cross
Washington, Feb 4

The ethics committee of the House of Representatives announced today that it had begun examining for some time allegations of misconduct against some of the same members of Congress accused of being involved in a bribery scandal of Watergate proportions.

Mr. Charles Bennett, the chairman, said his committee would now broaden its inquiries to include those members of the lower house named by the Federal Bureau of Investigation (FBI) in its latest undercover operation.

After an investigation lasting nearly two years, the FBI is reported to have recorded on film and tape a series of transactions in which hundreds of thousands of dollars were paid to senior public officials by FBI agents posing as Arab businessmen. The money was alleged to have been handed over in return for promises of various legislative favours.

Eight members of Congress, including a Democratic senator from New Jersey, and some 20 state and local officials have been named in the press accounts. Newspaper accounts of the operation, which was code-named Abscam (an abbreviation for Arab scam), are a type depicted in the film *The Sting*. The officials named in the press accounts have refused comment on the allegations or denied any wrongdoing.

The Department of Justice said today that it would have no comment at all about specific investigations of political corruption and bribery, but would say that the FBI operation because they might "injure the reputation of innocent people".

Government promises no coercion of athletes

By Nicholas Timmins

No "oppressive methods" such as withdrawing passports, would be used to prevent athletes going to the Moscow Olympics, Mrs Thatcher told sports authorities yesterday.

The assurance was given when Mrs Thatcher met members of the Central Council for Physical Recreation at Downing Street. But the Prime Minister repeated her view that the Games should be moved from Moscow to another venue.

She made it clear that she is adopting a step-by-step approach and is awaiting the outcome of her request to the British Olympic Association.

But it was disclosed yesterday that Sir Denis Follows, chairman of the British Olympic Association, has already written to Mrs Thatcher to say there is "little or no support" in the national Olympic committee for the games to be moved.

He also told her that he does not think the games could be divided among several venues unless the International Olympic Committee (IOC) finds just cause to move the games from Moscow.

The issue will be put before a special meeting of the national committee on March 4. By then the IOC is likely to have decided its position.

Mr. Glen Hail, chairman of the CCPR said after yesterday's meeting: "She told us she is not going to stop anybody going to the games forcibly. In no way will she use oppressive measures such as withdrawal of passports."

"She is taking the matter through the normal constitutional way, through the British Olympic Association". When the response to that request was known, "she would ...



Mrs Thatcher and Mr Malcolm Fraser, the Australian Prime Minister, at Downing Street

decide what sort of advice should be given to British sportsmen and women."

The CCPR reiterated its view that it would be impossible to relocate the games now. It also pointed out that it was not just the 26 Olympic sports among its 214 members that had contacts with the Soviet Union.

Mr. Norman Sarsfield, the committee vice-chairman, said Mrs Thatcher had told the delegation that other sporting relationships with the Soviet Union could continue.

Australian support: The Olympics should not be held in Moscow, and if they were they should be boycotted, Mr. Malcolm Fraser, the Australian Prime Minister, said in London yesterday. (David Spanier our Diplomatic Correspondent writes.)

Mr. Fraser said that the Rus-

sians had stated in their writings, that politics was very much a part of sport. They had claimed that holding the games in Moscow would signify approval of their foreign policy.

Mr. Fraser, who met Mrs Thatcher at Downing Street for talks on Afghanistan and the Olympics, emphasised that Australia supported the British and American lead.

Boycott questionnaire: Lord Killanin, the president of the IOC has sent a questionnaire to heads of international sports federations, asking for their opinions on the boycott issue. All sports federations in the West have responded. The West's former world heavyweight boxing champion, who is visiting African countries to urge support for President Carter's call for a Moscow boycott arrived in Nairobi yesterday and in effect apologized for not

Accord to speed up Egypt-Israel ties

From Christopher Walker,
Jerusalem, Feb 4

The Egyptian and Israeli governments have agreed to the establishment of a comprehensive new negotiating framework designed to speed up the process of normalizing relations well ahead of the schedule laid down last year in the Camp David accords.

Under the terms of the plan it is hoped that formal agreements on the main issues of aviation, culture and trade can be reached within the next six weeks. This compares with the written stipulation in the peace treaty that bilateral discussions under these three headings need not begin until July 26.

It is understood that the new framework was worked out during three days of intense private talks in Cairo between six senior Israeli and Egyptian officials. The results were reported this morning to Mr. Menachem Begin, the Israeli Prime Minister, who later said the talks had been "completely successful".

Egypt and Israel have agreed to set up eight joint sub-committees to discuss the immediate establishment of normal ties in tourism, air and sea transport, civil aviation, culture and science, trade and economy, telecommunications, energy, and agriculture.

A strict timetable has been laid down for the sub-committees, half of which will meet in Israel and the other in Egypt. Each sub-committee will have about six members including officials from the relevant ministries and from both foreign ministries.

The agreement has coincided with reports in Israeli political circles of a more business-like approach being adopted to normalization by the Egyptian authorities.

The two factors are cited as evidence that, for the present at least, the process is not being linked with progress towards an agreement on

Palestinian autonomy.

The two countries have also agreed to establish a joint commission to handle financial claims at government level. One subject likely to be raised is the question of the oil extracted by Israel from the Alma oil field before it was handed over to the Egyptians last November.

Since the complex process of normalization began on January 26, the practical results have been patchy and occasionally reduced to the level of farce by the heavy hand of Egyptian bureaucracy. Most Israelis now appear to accept that because of the centralization in Egypt, little in practical terms is likely to happen until the relevant government-to-government agreements have been signed.

The setting up of the new sub-committees was described today by a senior Israeli Foreign Ministry official as "a very positive step forward". It comes after a pledge to increase the tempo of normalization given last month by President Sadat of Egypt to Mr. Ezer Weizman, the Israeli minister responsible for the process.

Today's disclosure coincided with the arrival in Israel of an Egyptian diplomatic team to choose premises for the Egyptian Embassy and the ambassador's residence.

The Egyptians have been temporarily installed in a Tel Aviv seafarers hotel and given a list of some 40 potentially suitable buildings.

After some initial confusion it has been agreed that the official unfurling of flags at the two embassies and the exchange of charges d'affaires will take place on February 15. The ambassadors will present their credentials on February 26.

The Israeli Government has already taken possession of an eight-room building in the fashionable Dokki district of Cairo, near the Nile, which will serve as an embassy until larger premises can be found. Officials from the Israeli Defence Ministry have expressed satisfaction with the stringent security measures introduced by the Egyptians.

Delegates emerge from smoke

From Patrick Brogan
Washington, Feb 4

There are still a few smoke-filled rooms left in American politics, those places where policies and nominations are decided by party leaders far from the intrusiveness of reporters and ordinary voters.

The first delegates to next summer's party conventions were chosen in a smoke-filled room in Pennsylvania last November 17, when the state Republican committee selected its "large" delegates. The remainder will be chosen in a primary on April 22.

Last Saturday, prominent members of the Republican party in Arkansas met in a number of places, some pretty smoky, some not, and selected 12 delegates. Another seven will be selected by the state committee when it meets on February 16.

As for the Democrats, their party in Maine is holding caucuses next Sunday and the victory will probably go to the more enterprising candidate.

A Carter supporter or a Kennedy supporter, alone in the fastness of the winter countryside, can form a caucus practically on his own and elect a delegate to the state convention whose vote will be fully the equal of that of the representative of large gatherings of people in the cities.

In Arkansas, supporters of Mr. Ronald Reagan and Senator Howard Baker combined to defeat Mr. George Bush. Mr. Reagan got six delegates, Mr. Baker four or possibly five and Mr. Bush one. Mr. John Connally, who once invited all Arkansas Republican office-holders to a party in a supporter's house, got none.

A total of 181 people took part in the voting. They gathered in local committees and in every case the Reagan and Baker supporters agreed beforehand to carve up the vote between them.

So Mr. Bush lost in fact he was lucky to pick up one delegate.

The situation in Maine, where Sunday's vote will undoubtedly play a large part in reviving Senator Kennedy's campaign, or ending it for good, is hardly more democratic. The state is divided into 496 "eligible electoral units" which may hold caucuses and each elect one or more delegates to the state convention on May 16.

In 1976, there were caucuses in 375 of these units, and about 6,800 Democrats turned out to vote. The number of delegates selected by each caucus depends on the number of democratic votes cast in the last election to Governor.

Coping with rebel raids, sabotage and land reform in an Afghan town

A day in the life of Jalalabad's Governor

From Robert Fisk
Jalalabad, Feb 4

The Governor of Jalalabad, middle-aged, with closely cropped grey hair and wearing thick-rimmed spectacles, could hardly cope with the morning visitors to his office.

The chief of police was here with reports of the damage from the fighting of the last few hours; the local Army commander, snapping to attention in a tunic two sizes too small for him, presented an astonishingly large pile of soldiers' reports. A crowd of farmers poured into the room with compensation claims.

Every minute the telephone rang with reports of sabotage from the villages though it was sometimes difficult to hear the callers because of the thrub of a helicopter gunship, which could be seen hovering over the trees through the window. It had been a bad night.

Mr. Muhammad Zia, former export manager of the National Wool Company and Governor of Jalalabad for just 10 days, refused to let these things overwhelm him. "There is no reason to over-dramatise these events", he said, as though Jalalabad's nightly gun battles had been a part of everyday life for years.

He slipped at cups of scalding hot tea as he installed the piles of reports, joking with an aide, ordering the removal of an old beggar who had forced his way into the room to shout for money.

"All revolutions are the same", he said. "We defend the revolution, we talk, we fight, we speak against our enemies and our enemies try to start a counter-revolution and so we defend ourselves against them. But we will win."

If Mr. Zia seems a trifle philosophical—almost whimsical—in his attitude towards Afghanistan's socialist revolution it is well to remember that he is no party man. Somehow, he has assiduously avoided membership of either the Parcham or Khalai wing of the People's Democratic Party. His only contention to the revolution is an imposing but rather battered silver scale model of a MIG jet fighter, which perches precariously on one end of his desk.

Mr. Zia admitted that the rebels were causing problems. "We cannot stop them shooting in the country. We cannot stop them blowing up the electric cables and the gas mains and firing bombs at night. It is true that they are trying to capture Jalalabad and they are getting closer to the city, but they cannot succeed."

To prove his contention, Mr. Zia drew a small diagram on a piece of paper on his desk. It showed a small circle, which represented Jalalabad, and a series of arrows pointing towards the circle, which represented the rebel attacks. He pencilled in a series of arrows, which moved outwards from Jalalabad.

"These", he said proudly, pointing to the outward arrows, "are the counter-attacks which we are going to make. We have been through this kind of thing before and always we achieve the same result. When the enemy gets closer to the centre of Jalalabad, they are more closely bunched together and our forces can shoot them more easily and then we make counter-attacks and drive them off."

Mr. Zia claims that only three Afghan soldiers have been killed in the past week's fighting around the city, and given the unspoken truce which exists between many troops and the rebels—there is little reason to doubt the Governor's statistics.

He does, however, deny that there are any Soviet troops in Jalalabad, claiming only that a few Russian agricultural advisers and teachers are in the city.

There are in fact well over a thousand Soviet soldiers in the city. He was not concerned about the Russian presence in his country. He said "It is the centre of the city. It is the bandit groups who are our enemies. Land was taken from them under our Land Decree No. 6 and they are assisted by students of imperialism. These people are trained in camps in Pakistan. They are taught by the imperialists to shoot and throw grenades and set off mines." Mr. Zia prefers not

to put a figure to so conspiratorial a group of dispossessed landlords.

The Governor still visits the nearest villages during the daylight hours—accompanied by three soldiers—to inspect the results of Afghanistan's land reforms and to supervise a new-creased irrigation scheme. But he seems to understand why some aspects of the Government's reform programme have created such animosity.

"We tried", he said, "to make sure that all men and women had equal rights and the same education. But we have two societies in our country: one in the cities and one in the villages. The city people accept equal rights but the villages are more traditional. Sometimes they have moved too quickly. It takes time to arrive at the goals of our revolution."

The Governor's last words, spoken as we left his office, were almost drowned by the roar of four MiG25 helicopters, which swooped low over the building and raced across the bazaar, sending clouds of dust swirling into the air beside the single storey mud-walled houses. Each machine had four bombs strapped to its undercarriage. Mr. Zia, who is a kindly man, offered me the use of his official car. In view of the angry faces of the Afghans watching the helicopters as they swept over them, however, it seemed the Governor had made the kind of offer that it was safer to refuse.

Bonn-Paris talks strive for detente

From Charles Hargrove
Paris, Feb 4

The Franco-Fifth Franco-German summit here is turning out to be one of the most important since the signing of the treaty between General de Gaulle and Dr. Konrad Adenauer.

Little has transpired about the talks which began yesterday evening between President Giscard d'Estaing and Herr Helmut Schmidt, the West German Chancellor. They have met privately and with Mr. Raymond Barre, the Prime Minister, and the two foreign ministers.

The final statement by the two statesmen to the press at noon tomorrow will doubtless bring out their determination to achieve Europe's "original position" in the present world crisis.

Afghanistan, combining loyalty to the western alliance with an independent assessment of events, and a determination to pursue the policy of detente.

This difficult compromise between apparently conflicting objectives, in view of the results of the American and British reactions to Soviet intervention, is easier for President Giscard d'Estaing than for the West German Chancellor.

Herr Schmidt wants to preserve the Franco-German friendship, but he is also aware of the results of his country's Ostpolitik and the confidence of the United States on which his country's security relies more than ever; and he does not possess a national nuclear deterrent to enable him to play a relatively independent role within the western alliance.

He also has to take into consideration the parliamentary elections next autumn, and Christian Democratic eagerness to seize upon anything his government did which might be construed as "appeasement", or a loosening of the ties with Washington.

The French President has no such problems. But the somewhat isolated position in which he finds himself in the West over the assessment of the crisis and of the appropriate means of meeting the Soviet threat makes West German support all the more indispensable.

Everything indicates that the Chancellor agrees with the President's approach and objectives, but he has doubts as to whether now is the best time to proclaim them, and in what form.

It is highly likely that tomorrow's declaration will reflect his concern not to do or say anything which appears to undermine the wider solidarity of the West in a time of crisis.

Call for sanctions against states holding UN staff

From Laurie Nadel
New York, Feb 4

The Federation of International Civil Servants is calling on the United Nations administration to impose economic sanctions against states that refuse to cooperate in the settlement of human rights disputes involving United Nations employees.

The sanctions would consist of a withdrawal of all United Nations programmes and the freezing of United Nations assets of a state that detains without charge any of the 4,000 international civil servants employed by the world organization.

The demand was made in response to the continuing imprisonment of Miss Alicia Wesolowska, a 35-year-old Polish employee of the United Nations Development Programme who was arrested by the Polish security police while visiting her parents in August.

During a recent meeting of the federation at United Nations headquarters here, staff members said they were disturbed by the administration's "calculated inaction" at the detentions, disappearances, or reported deaths of seven of their colleagues in Ethiopia, Afghanistan, Argentina, Chile and Poland.

A United Nations legal department spokesman has said

that the Administration's official position is to seek resolution of cases involving staff members through discreet negotiations. However, Mr. Lowell Flanders, president of the staff committee, is accusing the legal department and the United Nations Secretary-General of laxity.

The Polish authorities have not formally responded to the United Nations request for information about any charges against Miss Wesolowska, and have refused to allow a United Nations representative access to her.

Sources close to her family report that Polish officials indicated that Miss Wesolowska would be brought to trial in one or two months. She is said to be under intense pressure to admit crimes she did not commit. She has lost a great deal of weight, her hair is falling out, and her health is deteriorating.

A legal brief on Miss Wesolowska's case, prepared by a Washington lawyer, says that Poland's refusal to permit United Nations officials access to her is a direct breach of Poland's duties to the United Nations.

The report recommends that the United Nations should submit the case to the International Court of Justice in The Hague.

General Zia sees need to widen his public support

From Hasan Akhtar
Islamabad, Feb 4

The results of the weekend talks here between Mr. Zia and President Breznevski, President Carter's national security adviser, and the Government of General Zia ul-Haq were considered today by the Cabinet.

According to informed sources, the meeting was also attended by the chiefs of the three services. No official statement was issued about the deliberations.

However, it was stated that the Cabinet had also considered the results of the recent Islamic foreign ministers' conference and the visits of the foreign ministers of Britain, China and Australia, all of which related to the Soviet military intervention in Afghanistan.

Meanwhile it was reported that General Zia, the chief

martial law administrator, would be calling a convention of the recently elected members of local bodies and leading figures from different walks of life later this month to seek support for his proposed new political framework for Pakistan.

The general is said to be considering setting up consultative or advisory councils in the capital and the four provinces in an attempt to associate civilians with his martial law Government.

The closer for a closer relationship with the population is being felt in Government quarters in view of the indefinite postponement of general elections and the extraordinary political and military situation that has arisen as a result of the Soviet military action in Afghanistan.

Massacre survivors say Soviet advisers present

Boston, Feb 4.—Afghan

troops last year slaughtered more than 1,000 Afghan civilians, *The Christian Science Monitor* reported today.

The newspaper quoted survivors who said about 200 Afghan soldiers and policemen, in the company of 20 Soviet advisers, machine-gunned almost the entire male population of the small town of Keralo on April 20.

"They forced all the men to line up in crouching positions in the field just outside the town and then opened up with their machine guns from behind," Abdul Latif, an Afghan traffic policeman now living in Pakistan, was quoted as saying.

"Then they spread out through the town, gunning down all the remaining men they could find."

The shooting in the small town in eastern Afghanistan's Kunar Province was the first reported case of a mass military

reprisal against the civilian population since fighting began almost two years ago, the paper said.

The shooting was reportedly ordered by a Soviet officer who wore an Afghan uniform with rank insignia. Survivors said that as they watched, an army bulldozer ploughed the bodies into an open field.

Circumstantial proof: Stories of atrocities keep coming to light from among the Afghan refugees and although difficult, if not impossible, to verify, the very existence of so many refugees is a proof that persecution on a large scale was going on, Ian Murray writes from Paris.

At the same time poor communications inside Afghanistan have tended to make rumours a powerful influence and many refugees explain that they fled their native village because of what they had heard was happening in other villages near by.

Delhi tries to stop Pakistan arming

From Richard Wigg
Delhi, Feb 4

Mr. R. D. Sathe, India's Foreign Secretary, left here this evening for Islamabad to try to convince President Zia ul-Haq and his fellow generals to resist the lure of American weaponry against the Soviet threat across the Afghanistan border.

As Delhi's top professional diplomat he may be able to talk the same language as the senior officials in the Pakistan Foreign Ministry. They too are hardy men, maintaining a balancing act on the crisis broke a month ago. But the real problem will be to convince Zia, looming larger than life in Indian eyes by the time he has now assumed for the West.

Reports coming here that Mr. Brijmohan Brzezinski, President Carter's national security adviser, has not reached agree-

ment in his weekend talks with the Pakistan generals over the level of American military aid, give the Sathe mission at least a sporting chance.

Mr. Sathe went off bearing a letter from Mrs Indira Gandhi, the Prime Minister, the second she has written to General Zia since taking office. After the public week in here during the past week in the presence of Mr. Clark Clifford, President Carter's special envoy, that Pakistan should not fall into the "trap" of accepting American arms, of accepting American arms.

Mr. Sathe has talked about improving relations in the spirit of the 1971 Simla agreement. But it is now clearly realized, if not stated in public, that only one kind of Indian pressure on Moscow to agree to withdraw its troops from Afghanistan can have any real chance

of deflecting Pakistan from modernizing its forces.

Mrs Gandhi will have a chance to try her hand when she meets Mr. Andrei Gromyko, the Soviet Foreign Minister, who is due here next week.

But there may be more effective ways by quietly conveying the Russians, out of public hearing, the region's profound dislike of what they have done in non-aligned Afghanistan.

Such quiet diplomacy will, of course, take time and this, in the Indian view, is the danger behind the Brzezinski visit. President Carter is under domestic pressure to "do some thing" and, in Delhi's view, the national security adviser, who did not even bother to come here, is perhaps the worst counsel Mr. Carter could have on how this region really feels.

Three missing reporters safe and well

Kabul, Feb 4.—Three Western

correspondents who had not been heard from since they left their hotel here on Friday reported today that they were safe and well in a town in northern Afghanistan.

A telegram sent by Richard Balmforth, a Reuters correspondent from Mezar Sharif, near the Soviet border, said he and the other two journalists had been delayed by bad weather and would be returning to Kabul by bus on Sunday.

The three correspondents left Kabul by taxi on Friday but were stopped, together with other traffic, at the Salang Pass.

Soviet airliner beats US trade union ban

New York, Feb 4.—A Soviet

airliner with 68 passengers and a crew of 10 on board landed at Kennedy International Airport yesterday despite instructions to proceed to Dulles International Airport in Washington because of a ban by unionized luggage handlers and other ground service employees.

Officials said they had told of the unauthorized landing about 30 minutes before the Ilushin2 jet from Moscow touched down at 2:34 pm.

The passengers waited for more than an hour, and then their luggage was handled by a private contractor.—New York Times News Service.

Greek farmers 'strike' for higher prices and pensions

From Mario Modiano
Athens, Feb 4

Greek farmers went on "strike" today to press the Government for higher security prices for their produce, full insurance against crop damage, the rebelling of farmers' pensions, and the deferment of their loan obligations for 10 years.

The farmers were called upon to abstain from all commercial dealings for a week by the Panhellenic Confederation of Farmers' Associations which is planning to hold mass protest rallies in provincial centres next weekend.

The Ministry of Commerce asserted today that Athens had been adequately supplied with vegetables, fruit, meat and poultry, and that in some instances prices had in fact declined. The absence of shortages on the first day of the

Peking drought hits wheat and irrigation

Peking, Feb 4.—A severe

drought has affected the Peking region, killing winter wheat in some areas and threatening the prospects for crop planting in the spring, according to the Peking Daily today.

Since September the Peking municipality had had only 1.2 inches of rain or snow. That was 2.9 inches less than in the same period last year and 2.2 inches less than during the last bad drought in 1972.

The newspaper said: "Some small and medium-sized reservoirs have very little water in them and other small reservoirs have already run dry." Such a drought had "seldom been seen in the past 45 years."

Chinese make third change of commanders

Peking, Feb 4.—A new com-

mander has taken over China's strategic Urumqi military region which is on the border with the Soviet Union in Central Asia, the *People's Daily* reported today. It was the third important command change reported in the Chinese press in the past two weeks.

Diplomatic sources said the Government appeared to be undertaking a reshuffle of military commands, possibly to raise younger men to senior positions.

The *People's Daily* said the new commander in Urumqi, in China's Xinjiang (Sinkiang) province, was Xian Xianqun, a former deputy commander of the Sengyang military region.—Reuters.

Journalist shot while filming in Zambia dies

Sydney, Feb 4.—Anthony

Joyce the Australian television journalist who was wounded in Zambia last November has died in hospital in London without regaining consciousness.

Mr. Joyce, aged 33, was shot by an unidentified assailant after filming a bridge destroyed by Rhodesian commandos just south of Lusaka.

Britain jailed: A British mechanic living in southern Rhodesia was jailed for two years in Lusaka today for entering Zambia with unlicensed ammunition.

Bryan Arthur Stanley, aged 40, of Kariba, had admitted having 66 bullets without a licence in his car.

Jeffrey Holden, aged 22, an Australian travelling with Mr. Stanley will go on trial here for the same offence on February 13.—Reuters.

Steel strike must be settled on terms industry can afford

House of Commons

It seemed deplorable to many people that the law should allow the private steel sector, where there was no quarrel or dispute between employees and their employers, to be called into the British Steel Corporation dispute.

Sir Keith Joseph, Secretary of State for Industry, said: "He was replying to Mr Kenneth Baker (City of Westminster, St Marylebone, C) during exchanges after a statement in reply to a private notice question from Mr John Silkin, chief Opposition spokesman on industry."

Mr Baker had said: Following the decision by the House of Lords on Friday which reversed the decision of the Court of Appeal, the law as regards secondary picketing is in a considerable state of confusion.

Would the Government take an early opportunity to clarify the law, in particular to narrow the range of trade union immunities, especially the immunity enjoyed against an action by an employer in a trade dispute when that particular employer is not involved in the dispute?

Sir Keith Joseph said the particular question was a matter for the Secretary of State for Employment, Mr James Prior.

Earlier in reply to Mr Silkin, he said: "The effect of the new private steel companies have now been brought into the steel dis-

pute although they have no quarrel with their employers. The loss of business arising from this action and from the continuing dispute in BSC is putting steel firms and the jobs in them at risk."

So far steel users generally have been little affected by the dispute but production and employment will be threatened on a much wider scale if and when steel supplies run out.

It is in the interest of all who depend on steel for their livelihood that the BSC and the unions should and this self-destructive dispute quickly on terms which the industry can afford.

Mr Silkin (Leisham, Dorset, Lab) said: "What is the value of lost production so far? I saw a report in the weekend press which said there was a conspiracy of silence between the CBI and the BSC as to the damage that has actually been done."

It is the Government's refusal to intervene and in particular the refusal to use the powers of the Trade Union Act 1976, which Sir Keith Joseph has led us to a strike that is now coming to its end.

Is not the real problem of the contraction of the British steel industry the contraction of British manufacturing industry itself? That contraction has been accelerated by the Government's economic policies and by its failure to protect industries at the greatest risk.

By cutting the economy Sir Keith and his colleagues are cutting British steel's throat.

Sir Keith Joseph—I cannot give a precise answer about the loss of production. (Labour cries of "Why not?") The quantity of production appears from such figures as have been published to have been very little down, something of the order of 1 per cent in the third week of the strike.

The real damage cannot be measured just in lost production, serious though that is, but in confidence and future orders of British steel.

Mr Silkin shows once again that he flinches from saying what he means. In asking the Government to intervene he really means—and I do not know why he does not come out openly and say it—that he wants the Government to find more money from the long-suffering taxpayer.

Most taxpayers have smaller earnings than the £12 a week which is the average earnings of the steel workers.

It is not in the interests of the taxpayer, steel worker or the country that the taxpayer should once again come in and pay money which the workers themselves can earn by the higher productivity that is available. It is deeply in steel workers' own interests to become internationally competitive.

It serves those workers ill when Labour spokesmen reject this basic argument.

He charges this Government after nine months in office for bringing about the contraction of British manufacturing industry, which was manifest during the five years of the previous government.

One of the factors reducing demand for British steel has been the fall in demand from British steel-using industries, and deeply tragic that is.

Mr Silkin—When he says I have not said this openly he is wrong. I have said it in debate after debate. It shows he does not listen any more than he has listened to those European competitors he praises so much.

Mr David Steel, leader of the Liberal Party (Roxburgh, Selkirk and Peebles)—There are lessons to be learned from the success of the French steel industry since the restructuring carried out, backed by the Government, in 1978.

There is a growing feeling in public opinion, including among employers in the private steel industry, that the Government's steadfast refusal to do anything in this matter smacks of so much of the principles of Toryism as the principles of anarchy.

Sir Keith Joseph—Mr Steel is one of those who thinks the long-suffering taxpayer should be called in to make good the earnings which the steel workers could make if they were not on strike.

It is true that a number of steel industries abroad, particularly Germany, Dutch and French, have either turned from loss to profit or at least two years, or are well on the way to doing so, by their own efforts in spite of the difficulties facing the steel industries.

Mr Peter Emery (Hendon, C)—There is considerable pressure from workers and trade unionists in the West Country with average wages of £60 and £80 a week that no further Government subsidy should be paid to the steel industry which would mean that those workers could have wages financed by the taxpayer much higher than anything could be seen in the West Country.

Sir Keith Joseph—No one grudges higher earnings to steel workers but many people realize that he can earn more himself and need not turn to the taxpayer.

Mr James Tinn (Teesdale, Redcar, Lab) said that a considerable proportion of the burden on the steel industry came from the interest payment on the debt incurred as a part of the modernization programme in constituencies like his.

Steel workers (the continued) have made their contribution with 10,000 jobs lost in my area and more in other parts of the country. It is right that the community should make a contribution to easing the burden such as by

action which would be likely to produce a settlement to a damaging strike.

Sir Keith Joseph—Interest payments are less in proportion in British steel than in practically all their European competitors. The last £1,500 million investment by the taxpayer in British steel pays no interest. It is public dividend capital.

Mr Patrick McNair-Wilson (New Forest, C)—Since there appears to be lingering doubts in the private sector and elsewhere that the Government can be coerced into intervening, can the minister state categorically that the Government will not intervene to usurp the management function and will not provide any more money.

Sir Keith Joseph—It is in the interests of steel workers that they should become more competitive. That is the way their jobs will be saved. They will earn more, and have secure employment. Therefore, rescue by the taxpayer will not help them.

Mr John Morris (Aberavon, Lab)—How long do Sir Keith Joseph and the Prime Minister intend to maintain their stance of non-intervention and allow industry to bleed to death?

Sir Keith Joseph—We hope that management and workers will sort out their differences and will be negotiating seriously and with good results.

Mr Ronald Leighton (Newham North-East, Lab) said—Trade questions are largely becoming a farce because the Government are not taking any action against unfair trade practices.

Mr Ronald Leighton (Newham North-East, Lab) said—Trade questions are largely becoming a farce because the Government are not taking any action against unfair trade practices.

Mr James Lamond (Oldham, East, Lab)—If we have to accept the idea of import controls, and I share that view, would he consider trying to assist the man-made fibre industry by looking at the question of fair trading?

Mr Nott—I agree that we have to look at the balance between protection of our industry from unfair imports on the one hand and the need, on the other hand, to promote exports on which a third of our manufacturing industry depends.

We have in these matters to act through the Community. I accept that we must take firm and decisive action against unfair trade practices.

Mr Nott—Some 95 per cent of all imports are under some form of restraint or another. It is simply not the case to claim that there is no protection against low-cost imports.

The present problem is against imports from developed countries and that is the subject of a Council of Ministers meeting tomorrow.

£48m in state aid for S Wales to mitigate coal and steel rundown

The Government are to make £48m available over the next two years for remedial measures to counteract the cutback in the steel industry in Wales.

Mr Edwards (Pembroke, C) said that the future of the coal and steel industries and the industrial and social consequences of the BSC proposals were a matter for the Secretary of State for Wales, faced already with a depressing inheritance of social and industrial difficulties, would do almost anything to avoid.

BSC's decisions had serious consequences for the steel industry in Wales. But the real reason for the reduction in demand for coke was the inability to sell steel rather than the actual closure of scaling down of plants.

Obviously, a substantial reduction of consumption by BSC would put South Wales pits at risk and lead to job losses. The Government had been taken by the NCB on the timing or numbers. He was unable to discuss figures today.

On a subsidy for coke, the Government had authorized a substantial investment programme as part of the steel industry of over £500m and was providing grants of over £250m. The Government had authorized the NCB to provide a coke subsidy within its own finances and subject to its own commercial judgment.

The NCB had asked for an extra £10m towards the agreed cost of £30m but since subsidies and cash limits were agreed, all prices had risen sharply, raising the cost of the coke subsidy. The Government saw no reason why the board should not be able to find the necessary funds. At the request of the board, the Government had agreed to provide a further £10m.

The Government accepted its share of the responsibility for cushioning the impact of change and it would seek to do everything possible to assist and assist the growth of new industries in affected parts of South Wales.

He knew there would be anxiety about what the Government would do to assist the steel industry in Wales. The Secretary of State for Industry, Sir Keith Joseph, was reviewing the situation and would make an announcement as soon as possible after final decisions had been taken by BSC, after consultation with the unions.

The time had come for the steel industry to prepare and develop industrial sites with a substantial programme of advance factories within the areas most affected.

What is needed, now (he said) is to launch a new infrastructure programme, so that we can get things done. The Government would be able to do this.

Within the reduced public expenditure programme the Government would be able to make available some £48m over the next

two years for remedial measures. The major part of those additional resources would go to the Welsh Development Agency, which was preparing detailed plans. The Welsh Development Agency had been asked to discuss with local authorities whether they could develop industrial land in or around the new town.

His announcement would enable the WDA to get on without delay with a substantial programme of acquisition and development of industrial sites which would be available for both public and private sector development.

The Government was determined to obtain an increasing private sector participation in the development of the steel industry in Wales. That would take time and the programme he had announced was an essential first stage.

Part of the WDA would be spending in the coming financial year about £12m from their normal programme in the areas affected by the steel industry, including £5,500,000 in Ebbw Vale and Cardiff.

Despite the overriding necessity to obtain public expenditure reduction he had defended the key motorway and trunk road programme including the M4 and A55 in the South Wales area on the basis already announced.

It was his intention within the next few weeks to set out in a comprehensive review the Government's views on the Welsh language and the way in which they could fulfil their commitment to support the language.

They would shortly be issuing a consultative document on the place of Welsh in the school curriculum. The Government had set in train legislative steps to provide additional financial support for Welsh language teaching. Despite the national language difficulties, the Government was determined to improve further the present financial backing given to the language.

He had changed his mind on his policy to Welsh language broadcasting. The Government would be making arrangements proposed at least 20 hours of Welsh television programmes a week from the autumn of 1980. The Government would be working with the broadcasting authorities.

The Broadcasting Bill would contain provisions to enable the Welsh language to be broadcast on the radio and television.

To use the fourth channel exclusively for Welsh language programmes would mean that Wales would be the only part of the United Kingdom network for nearly 30 per cent of transmission time.

The Government's solution gave wider choice to the Welsh people, provided a sounder financial base, and prevented the exile of the Welsh language broadcasting into a ghetto.

Competition rather than control

House of Lords

The importance which the Government attached to competition was fundamental because it took the view that the free choices of the citizens should determine the pattern of economic activity.

Viscount Trenchard, Minister of State for Industry, said: "The Bill was moving the second reading of the Competition Bill which has already been before the Commons and which provides, among things, for the abolition of the Price Commission."

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Viscount Trenchard said the Bill was an essential component of the Government's overall economic strategy. It believed in competition rather than control. Consumers were not free to choose unless suppliers competed; this meant economic freedom.

Nowhere was competition more important than in the control of inflation. Previous governments had put their faith in controls. Price controls, high personal taxation, and the erosion of differentials had been advocated not because governments believed in them but because they were trying to placate or win favour from some section of opinion in the trade union movement or on the left wings.

Price control was worse than useless because it positively broke down competition. It changed the orientation of business from the marketplace, from new products and new designs, to one which at

times represented near collusion to beat off the assaults of the Price Commission, with its 500 staff and consultants to support them, were capable of asking enough questions to turn the minds of tens of thousands of managers away from wealth creating.

Lord Ponsonby of Shulbrede, and Opposition spokesman, said the Bill abolished the Price Commission without proposing that its powers and responsibilities, investigative techniques and ability to act quickly should be transferred to any other body.

The reserve powers under the Bill were seen to be quite inadequate. This was most regrettable, particularly at a time of rising inflation. The rate of inflation when the Bill's second reading took place in the Commons was 11.4 per cent. Today it was edging up to 20 per cent.

The Government was doing away with any form of price control. Any hope of a pay policy working for the future would depend in some measure on control over prices.

Lady Seear (L) said the Liberals gave general approval to the objectives behind the Bill.

The Bill was read a second time. House adjourned, 5.37 pm.

The New Hebrides Bill, which grants independence to the New Hebrides within the Commonwealth, was read a second time.

EEC ministers to consider impact of imports

The best way to safeguard Britain's trading system was by abiding by the rules of the GATT and not erecting new multilateral import controls. Mr John Nott, Secretary of State for Trade, said during questions.

Mr Norman Atkinson (Haringey, Tottenham, Lab) asked if Mr Nott would consider the early introduction of multilateral import regulations as a means of assisting worldwide growth in manufacturing industries.

Mr Nott (Ipswich, C)—No. Mr Atkinson—Over the period 1968 to 1978 import penetration in terms of ratio between imports and home demand has risen from 17 per cent to 25 per cent in 1978 and we are now within three or four per cent of a disastrous situation in manufacturing industry where sections of our industry will go out of business unless the minister takes some action.

Mr Nott—I accept that import penetration has substantially increased over that period. As far as we have to look at that as well. Nearly a third of our gross national product is represented by exports and we have to maintain a balance between these to keep our markets open overseas and the jobs which depend on that.

Mr Michael Latham (Melton, C)—The British carpet yarn industry has been almost totally destroyed by American imports within the last 12 months. There are only two firms now working. Should not an immediate ban be considered?

Mr Nott—I am surprised to hear him say there are only two firms. I think there are rather more than that concerned with the import of yarns at present.

This is a matter we have been pressing within the EEC and I am going to the Council of Ministers

meeting tomorrow (Tuesday). We are awaiting the report of the EEC Commission on this and other matters. I hope by the end of this week we will have more to say on this subject.

Mr James Lamond (Oldham, East, Lab)—If we have to accept the idea of import controls, and I share that view, would he consider trying to assist the man-made fibre industry by looking at the question of fair trading?

Mr Nott—I agree that we have to look at the balance between protection of our industry from unfair imports on the one hand and the need, on the other hand, to promote exports on which a third of our manufacturing industry depends.

We have in these matters to act through the Community. I accept that we must take firm and decisive

action against unfair trade practices.

Mr Ronald Leighton (Newham North-East, Lab) said—Trade questions are largely becoming a farce because the Government are not taking any action against unfair trade practices.

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Ministerial statements can make strikes worse

It was about time the Government made the public aware of what was at stake in major disputes such as the steel strike, Lord Byers, leader of the Liberal peers, said at question time.

The Government should issue an authoritative statement of the facts in terms which could easily be understood by the public, he suggested.

The Earl of Gowrie, Minister of State for Employment, replied: "It is doubtful whether such state-

ments could be prepared since the facts relevant to a particular dispute are usually complex and often involve subjective judgments. Statements by the Government or other bodies not directly involved in the dispute tend to exacerbate the difficulties and make it harder for them to be resolved."

Lord Byers—Will the Government reconsider this in view of the vital importance of the public being properly informed of the facts of any major dispute? How many

people know that a process worker in the steel industry has a basic pay of £12 a week, which is £5,000 a year?

The Earl of Gowrie said he was in the habit of saying to people: "What Lord Byers has said. Unfortunately, he still has some hesitation about whether the Government was the appropriate body here. It is not a matter for the Government to say a party to, or had a direct interest in, the dispute and that could exacerbate the situation."

He agreed to consider a suggestion by Lord Byers that ACAS should be asked to undertake this so the public had an independent and authoritative view. But ACAS might be in the same difficulty; they had a function as arbiters and it might be thought they were coming to a decision on a subjective statement on the situation.

He saw no reason why employers or unions should shrink from putting, or releasing to the press, the information themselves.

Putting airport duty free shop profits to use

Something like 30 per cent of the British Airport Authority's revenue came from concessionary sales. Mr Norman Atkinson, Secretary for Trade, said when he rejected a suggestion that duty-free sales were merely a cloak for privileged traders to make excessive profits.

Mr Michael McNair-Wilson (New Forest, C) had asked Mr Tabbitt, the Civil Aviation Authority to end the nonsense of duty-free shops at international airports.

In the cabin of wide bodied aircraft today (he said) hundreds of bottles of liquor and scent are carried from country to country. This creates an additional hazard to the safety of passengers in the event of an accident and increases the weight in the aircraft.

Vouchers should be obtainable in the aircraft which could be cashed at the duty-free shop at the home base of the passenger.

Mr Tabbitt (Waltham Forest, C) said: "It is slightly

bizarre that we carry millions of bottles of scotch across the Atlantic in order that they can come ashore and be sold in duty-free shops. But that is a part of the tradition of the way these things are conducted. (Interruption.) It might be amusing to ask our constituents if they want to give up duty-free or cheap liquor."

Mr Nott—No, believe there is an unacceptable safety hazard if the liquor is properly stored. I will draw this to the attention of the CAA.

Mr James Wellbeloved (Bazley, Epsom and Epsom, Lab)—The problem would be overcome if those purveying duty-free goods were offering a genuine price to the travelling public. Duty-free is merely a cloak for privileged traders to make excessive profits.

Mr Tabbitt—It is a cloak for the way airport charges are held down to acceptable levels. A major part of the profit goes to the airport authority and thereby holds down landing and other service charges.

Prices ministry not the way to lower prices

The retail prices index increased by 10.3 per cent over the past year and by 10.3 per cent over the 12 months to last May. Mr Cecil Parkinson, Minister of State for Trade, said.

Mr Jean Evans (Aberdare, Lab)—The Government's approach to the problem has been absorbed by its department, the minister is responsible for keeping down prices, but prices are rising. We have had an increased VAT and minimum lending rate, for instance.

Mr Parkinson (South Hertfordshire, C)—He should recall those happy times when the Labour Government had a price minister and a prices ministry and prices doubled during its existence. Having a department which keeps the records and reports on prices is not a way of controlling them.

Mr Michael Latham (Melton, C)—Under Labour prices more than doubled. They have a check to talk on this.

Mr John Smith, chief Opposition spokesman on trade (North Lancashire, Lab)—What contribution to the Government's cost-price inflation policy has been made by doubling VAT, the MTR increase and the gas price increase of more than the board asked for? There have been other increases too, which are going ahead unchecked by the minister.

Mr Parkinson—The only time the Labour Government showed any sign of getting control of inflation was when, after International Monetary Fund instructions, it cut public spending and started to take control of the money supply—the way the country must move in the long term.

Concealing the cost of plugs to car makers

It was an abuse of the powers of the Secretary of State for Trade to cover up profit exploitation from public view. Mr Michael Meacher (Oldham, West, Lab) said in questioning Mr Reginald Eyre, Under Secretary for Trade, on criteria used by Mr Nott for determining the public interest regarding major deletions from the list of car manufacturers.

Mr Eyre (Birmingham, Hall Green, C) had told him—the public interest is not defined in the relevant legislation for which the Secretary of State is responsible. He has to take the issue of the public interest according to the circumstances of each report.

Mr Meacher—Will he indicate exactly how it is in the public interest for the Secretary of State to delete from the recent Price Commission report on car components such evidence as, for example, that the cost of replacing sparking plugs is no less than 10 times more for the car owner than for the car manufacturer originally? It is in the interest of the car manufacturers—the SITA—that this information was not given out and not in the public interest. Quite the reverse.

It is an abuse of the powers of the Secretary of State, to use them in this way to cover up profit exploitation from public view.

Mr Eyre—I can only assume that he is guessing as to the precise content of that confidential report. The report of the Price Commission was extremely detailed and in making deletions the Secretary of State had regard to the commercial interests of companies—(Labour cries of "Oh!")—where they are justified by part of the wider public interest.

An obvious example is where the disclosure of detailed information would be of considerable aid to foreign competitors.

Mr Norman Atkinson (Haringey, Tottenham, Lab)—Does he justify a retail price of 10 times that paid wholesale?

Mr Eyre—Since this is a speculative discussion I am not able to comment on the details.

Labour urges delay

Mr Alec Jones, chief Opposition spokesman on Welsh affairs (Rhondda, Lab), said Wales would not be treated by a Conservative government in 1980 as it was treated in 1970.

The Opposition and the vast majority of people in Wales believed there should be a two year delay in any steel closure proposals in the South Wales coalfield and could relieve the impossible pressures being faced over unemployment in South Wales.

Time could only be bought at a cost. If that cost was an extra Government subsidy provided by all taxpayers, this would be a fairer sharing of the cost rather than making the steel workers and miners of South Wales bear the brunt of the exercise on their own.

One of the factors influencing closure decisions in South Wales and other parts of the country was the unrealistic break-even data imposed on the steel corporation by the Government. If they could gain time a range of options became available. They did not have any time the economic and social and political consequences would be most serious.

The South Wales coalfield faced consequences if the steel closure. The BSC's closure proposals would mean the loss of 7,500 jobs and their determination to buy imported coal would cost another 7,500.

It would be argued that this was the managerial responsibility of the BSC, but the implications behind it were so great that they had a right to know what sort of contracts had been let by the corporation, the lengths, quantities and prices involved.

If the National Coal Board and the miners were expected to face the consequences alone and unaided it meant the loss of 15,000 jobs in the South Wales coalfield and the closure of something like 20 collieries which would never be reopened.

This was remarkable at a time when the coalfields in 1978-80 had a 7 per cent improvement in output over the previous year and 9.3 per cent improvement in productivity.

The NCB had requested a short-term tapering subsidy—£8m for the first year, £5m for the second, £4m for the third and £2m for the fourth—which would enable them to compete on equal terms with imported foreign coking coal. That meant a total subsidy tapering off to nothing of £20m spread over four years would save about 7,500 jobs. On pure arithmetic this must be preferable to paying redundancy payments.

The Price Commission was entirely ineffective to deal with this. It merely helped to delay price increases and had the effect of stirring up large increases for the consumer at a later date.

Mr John Bruce-Gardyne (Knaresborough, C)—Would he consider introducing legislation to give the whole of the steel industry to the Price Commission, in the bread and grain industries and elsewhere, an opportunity to sue the members of that board for damages?

Mr Eyre—That is an interesting suggestion which will be of particular interest to the legal profession. (Laughter.)

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Fashion

by
Prudence Glynn

We must try harder

Enough of gloom and doom in fashion. If you put your mind to it you should look stunning this season.

Of course there are serious problems for manufacturers and retailers though one might point out that many of them have been on the horizon since 1977 and were clearly visible to those with the right brand of telescope; but then fashion is a notoriously short-sighted industry.

Why whine to Sir Keith Joseph, Secretary of State for Industry, about cheap imports from obliging Hongkong when, if you ask an English manufacturer to put an extra row of topstitching on a garment the answer is, No. One seam, no design. No design, no sales.

No wonder women are either not buying or are "buying safe". What else is there? And what else is there to make of an industry so fragmented and undercapitalized, so lacking in confidence and projection and which is represented in the eyes of government by a body which is self-electing, self-congratulatory and whose latest triumphs have included the sponsorship (helped by your and my money) of a mission to Tokyo.

Most of the participants were cocktail and evening dress producers, although Japanese women buying in this price bracket do not drink cocktails, nor do they go out after six o'clock. The timing, however, was

brilliant. It coincided with a mammoth Japanese fair elsewhere in the city, to which all the buyers went.

The answer is that we can make as much or as little of it as we want and the great danger is now that, having talked ourselves out of Empire, Faith and the Work Ethic we are just about to intellectualize ourselves out of fashion.

How splendid to hear Robert Midgley, chairman of Harrods, that apotheosis of the consumer dream state roundly that we just have to work harder, be more competitive, give better service, better value. Green-eyed ones among retailers will, of course, point out that that sentiment is easier to express by a mogul who can offer his customers anything from a black silk stocking to a lawn mower rather than just trying to flog a few frocks. But it is, in fact, a sentiment echoed through all the areas of the trade who know just who their customer is. Money Marks, for instance, whose range designed by Anne Tyrrell for John Marks can be counted in dozens at any night our function. He thinks we have to work harder, too.

Then, there has arisen this spectre of poverty, yet the best selling overcoat this non-winter has been either a camel classic at £173 or a heavy knit plus fake fur calf length job at £125. It is possible that people are buying them to offset fuel bills, of course.

But it is an ill wind, etc, so by now I trust you have in your wardrobe a narrower, shorter skirt, an expensive-looking shirt, a jacket with a stand, triple-seamed collar, wrist-length gloves, a hat by Bermona and for late

day, a camisole dress with a shirred waistline and a soft jacket to fling on the back of chairs as the evening wears on or off, as the case may be. And all at thrifty prices, too. Never have there been such bargains if you know that you need.

Colours
Solid blocks of plain colours juxtaposed in unusual combinations. Good together; black skirt, scarlet shirt, white jacket; claret with grey; toffee with grey and claret; white with cream with emerald; royal blue, scarlet and yellow; scarlet with grey and black.

You need to be a bit careful wearing claret if you have a typically fair English skin. It can make you look very wan, so adjust your makeup accordingly.

Boring neutrals are out. I rather like sage green (not for makeup), which is flattering, but do not wear too much of it at once—for instance, not a coat. When I was in Australia and America the difference which most struck me was the quality of light which absolutely demolishes our gloomy fog-bound ideas of tone. It also demolishes our exports: "We love your look and your quality" say the stores "but your colours are just drab."

Proportions
Absolutely crucial in putting together the new look in separates. Prepare to knock knees unrevealed for a decade, because you are going to be on view. Not in those silly tutus which Paris showed a year ago, but certainly for the bold sports-fashion-orientated in the form of a brief knit mini and, far more important in mass market terms, skirts are just simply getting shorter.

The best length jacket to wear with them (do not forget the contrast colour) is mid thigh length—certainly for outerwear or the newly revived short bolero jacket.

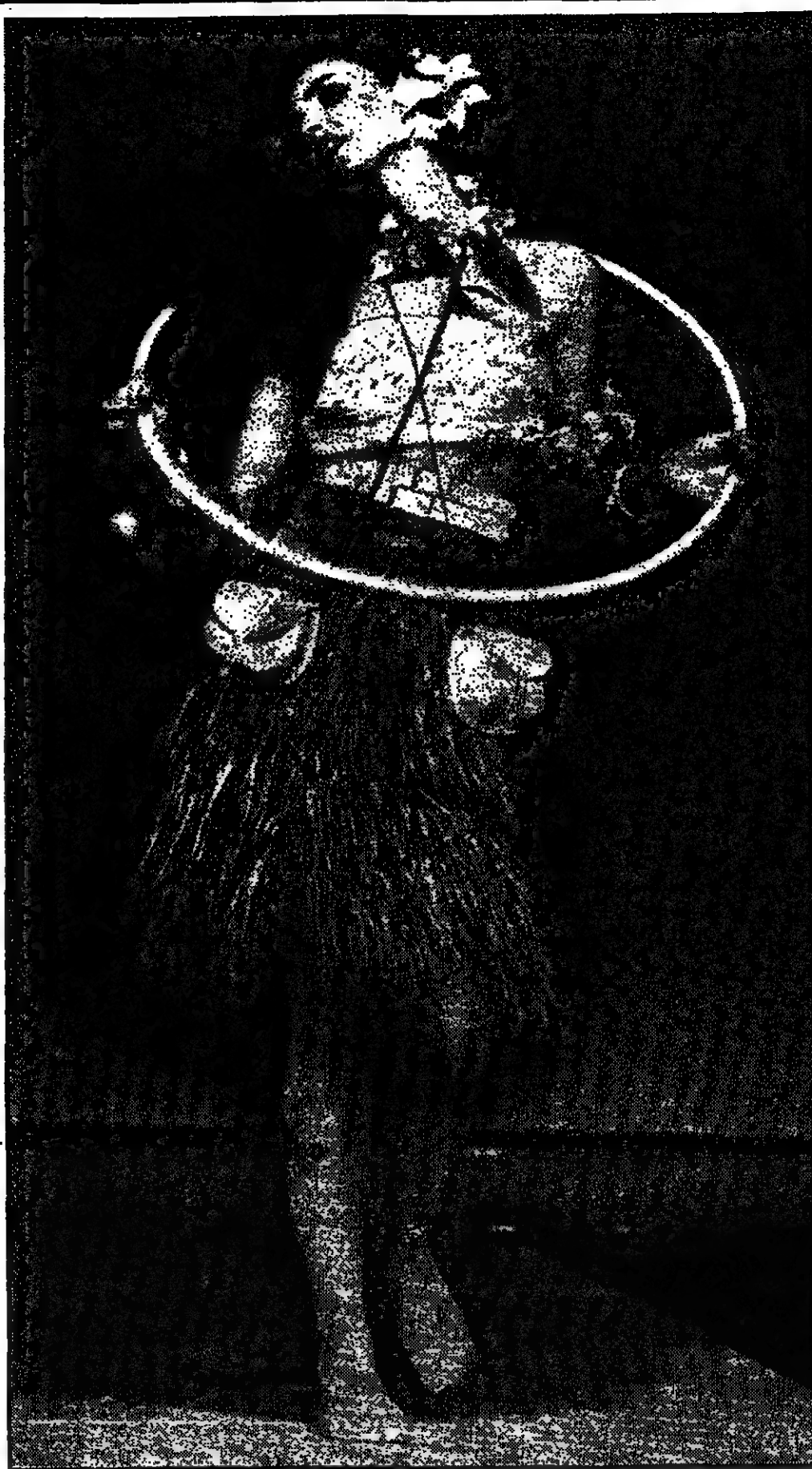
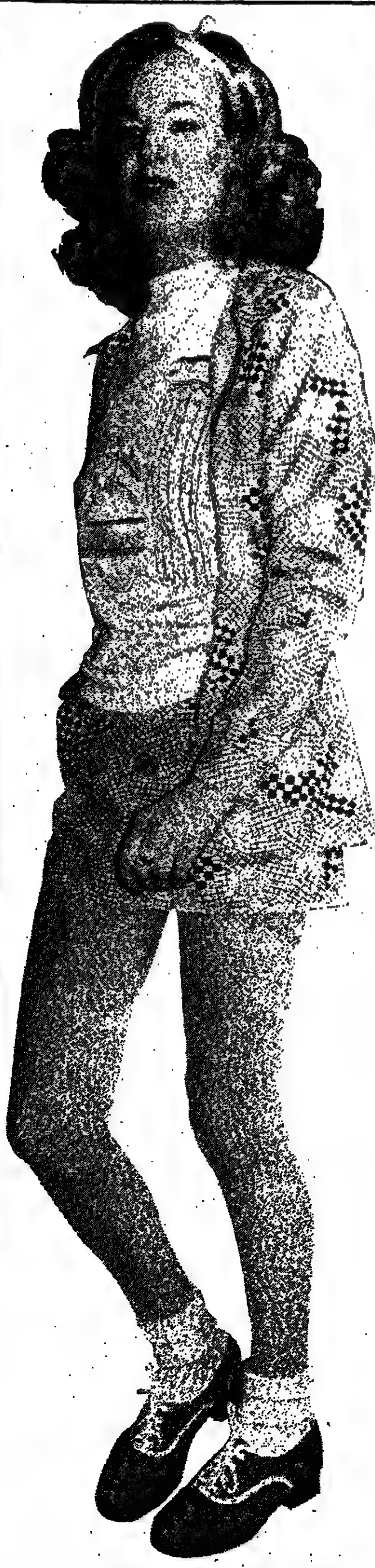
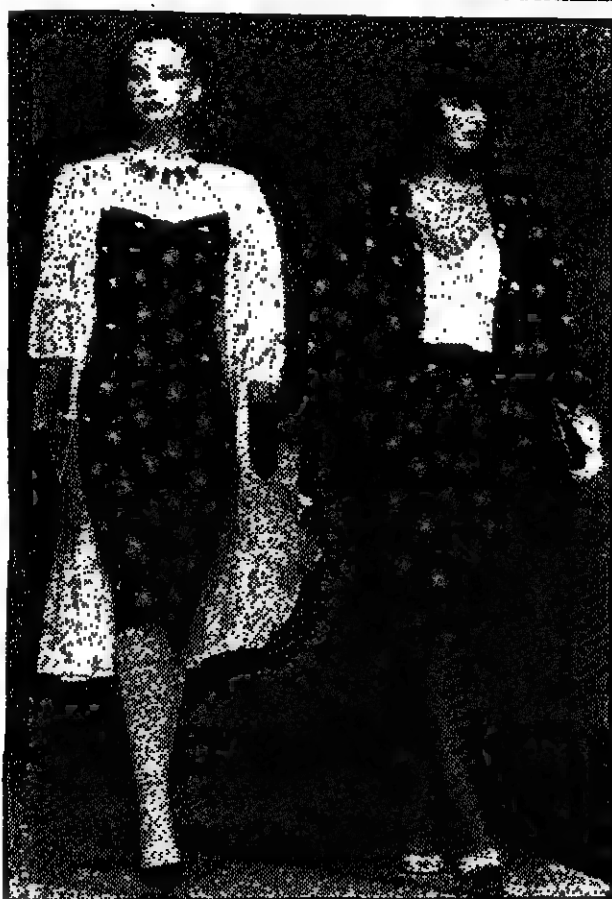
Before the last war there used to be called bridge jackets, presumably because they were worn to prevent pneumonia in unheated country houses while you sat around for hours waiting for your partner to call dummy, or whatever it is one does in bridge. Anyway, these little jackets should be knitted, and brilliantly patterned, probably shot through with lurex. Bold figures will prefer the sleeveless, collarless classic bolero shape which hides a multitude of sins and balances a multitude of larger lower halves. The dashing should go for the masador cut, much shorter, with peaked shoulders to enhance a nice neat waist.

Yes, I fear you are going to have to have a waist.

What is much worse, you are going to have to have one, if at all possible, without benefit of substantial foundation garments.

I suspect that underpinings, or the lack of them are going to be a major source of concern for women this season. So many of the pretest clothes are so very sheer, wherein lies their charm.

It is a conundrum, and at the risk of being accused of dodging the question, the only advice I can offer is that you at least try these new, soft shapes. The lingerie people at all prices are much more in tune with fashion than they used to be and you can probably get a slip to follow the contours and the colour of the dress. When in doubt, don't.



Tomorrow sees the launch of an ambitious and long overdue venture, in the promotion of British Fashion. The London Midseason Collections will run for three days at what used to be the Rainbow Room of Derry and Toms then Biba and is now termed the Kensington Exhibition Centre, in Kensington High Street. Sponsored by the Clothing Export Council and Drapers Record, this first actual fair for midseason topping-up is planned to be a twice yearly event. Just short of ninety exhibitors are there to provide fashion for now.

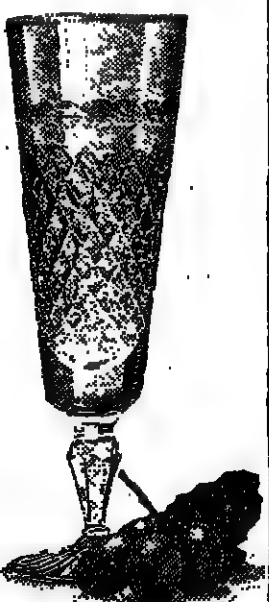
Photographs by Barry Sealie

Above: One way to show accessories: bags, flowers, belts, beads by Sarah-Lou

Left: The All-American leisure look

Abstract print mini skirt, wind cheater, T shirt. By Paul Howie

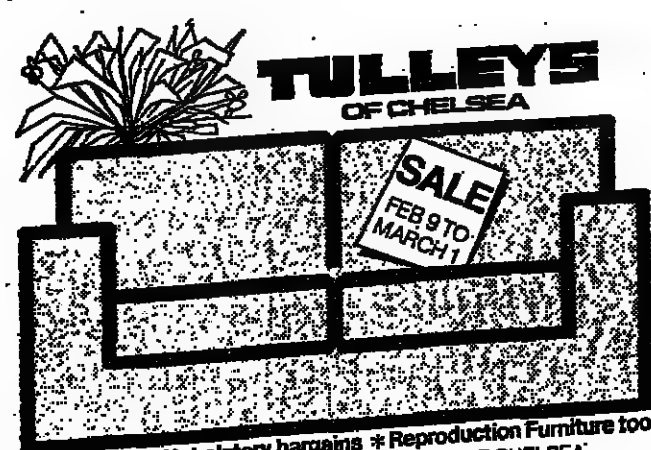
The one to pick



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Stuart Crystal
Available from leading retailers

SWISS
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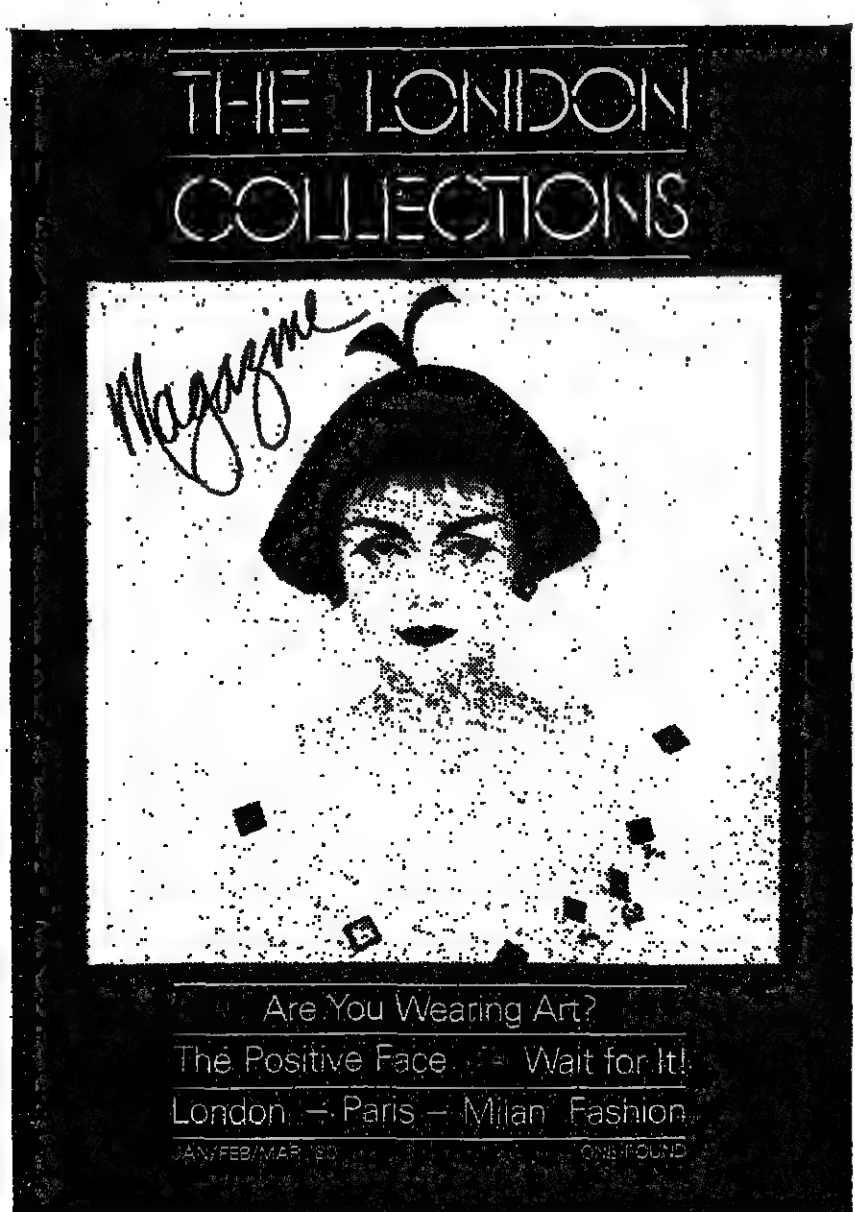
87 Baker Street, W1,
01-935 5876
3 mins. Baker St. Station



Top left: The cool, wearable look. Black print crepe, white print crepe. Terence Nolder for Quorum.

Top right: Red seersucker flamenco dress. By Strawberry Studio.

Above: The important sports look. Knitted shorts, top. Worn with ankle socks (which do not have to match one another).



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Michel Boyer looks at the world trade triangle

The Third World, where East meets West

For many years East European leaders and Western businessmen have established commercial and financial ties which, in the absence of any questioning of the economic model, have been made both more necessary and more vulnerable by the crisis. The former need the machines and technology which make the factories of the latter run. However, this apparent balance of mutual interest has resulted in a trade deficit for the controlled-economy countries so that, having first increased their indebtedness, they have been obliged to buy.

East-West cooperation has engendered a sort of complicity between the leaderships of the two camps but, if proof were needed, recent events have shown that it does not preclude international confrontations and conflicts, contrary to the beliefs of those who think that trade brings people together and makes for peace. Charles Levinson, the international trade unionist, offered a very critical appraisal of this type of cooperation in a book called *Vodka-Cola* which was a curious blend of detective novel and economic analysis.

The Third World has also provided the scene for industrial cooperation, whether or not described as "redemption". While playing on their absence from this Western-Third World dialogue to place the blame for its failure on neocolonialism, the Eastern block countries have been involved in tripartite industrial operations in which they and Western companies have built factories in developing countries. This type of cooperation has been analysed on the basis of 192 case studies in a report submitted by the Bureau d'Informations et de Prévisions Economiques (BIPPE) and the Ecole des hautes études en sciences sociales, called *The role of East European countries in the international division of labour*.

The Third World accounts for about 15 per cent of the exports and 11 per cent of the imports of the countries of Eastern Europe, but the latter have lost ground over recent years and account for less than 7 per cent of the imports and 10 per cent of the exports of the developing nations. Between 1970 and 1975 East European imports from the Third World rose more rapidly than exports—a reversal of the

trend recorded between 1965 and 1970. The controlled-economy states, which use their surplus with the Third World to offset their deficit with the West, have accordingly endeavoured to resolve their difficulties by resorting to three-sided cooperation, an enlarged reproduction of East-West industrial cooperation, the main development of which has been seen since 1965.

The report points out that, in practice, tripartite industrial cooperation "does not seem to reflect the vicissitudes characterizing the fortunes of détente". This is for the two reasons that "the field of action is primarily micro-economic" and therefore below political, and that "industrial redeployment is perceived as a necessity". Ideological considerations have been relegated to the background. Appearances are kept up, but that is all. Unacceptable in ideological terms, East-West-Third World cooperation is greeted by silence in the Soviet press, which maintains its traditional denunciation of Western exploitation of the Third World. It is the subject of no official comment in Russia, although the situation is different in other Eastern block countries—namely Poland and Hungary—which together account for more than half of the transactions of this type in which the Eastern block is involved.

Nevertheless, the Soviet Union, after a period of "mis-trust tinged with embarrassment", has shown increasing interest in a formula now tested in the field by its satellites. Western engineers and East European firms have cooperated in the construction of industrial complexes in many countries, with the greater or lesser involvement of local companies, projects which bear no relation to political objectives. Logically enough the oil-producing countries of Algeria, Iraq, Iran and Kuwait have been the site of a high proportion of these three-sided transactions.

There have been a number of large capital projects (hydro-electric for instance) in Latin America, but there have been fairly few in Africa (in countries such as Nigeria, Cameroon and Guinea), and even fewer in Asia. In Asia this type of activity has been heavily concentrated on India.

Rising hydrocarbon prices

have made for an increasing volume of recycled petrodollars to finance a greater number of projects. As three-cornered operations, they entail, on one hand, normalization of international relations and, on the other hand, international standardization of methods. However, although détente has allowed such projects to flourish, they do not necessarily help to promote détente.

Moreover, as the report points out, both East and West are concerned to "maximize their gains or minimize their losses". The third corner of the triangle, the Third World, is "perceived as the customer rather than as a partner". This activity is essentially "both economic and political" in that it offers each side opportunities for extending its sphere of influence. Tripartite cooperation can be advantageous to each camp by giving it a foothold in the other's sphere of influence, a "politico-psychological line" which does not even have to be advertised.

In fact it is the more prosperous countries of the Third World (those with raw materials and energy resources) in the Western sphere which actively seek three-cornered cooperation. Some have concluded, perhaps a little hastily, that it can only serve the purposes of Eastern block expansionism. Another feature of these transactions is their tendency to "demobilize" the country which is the third party involved. Eastern block undertakings which specialize in factory construction offer very low prices accompanied by exceptionally soft financial terms amounting to a form of dumping which induces the developing country to go for immediate returns rather than effective participation which becomes profitable only in the longer term.

This, then, is not real cooperation, but East-West action in the third country, especially since the industrial complex that they build is more likely to produce for export markets than to make a positive contribution to the industrialization of the country concerned. Thus Eastern and Western imperialism are combining to accept the dependence of the developing countries.

The value of projects completed by summer 1975 under tripartite cooperation agreements was \$35,000m.

North Sea oil has enabled Britain to combine a high inflation rate with a strong currency, to the detriment of British exports, says Sir Ian Gilmour, Lord Privy Seal and, in effect, deputy Foreign Secretary. Although he has

written two books on Conservative thinking, and was formerly editor of the weekly "Spectator" magazine, Sir Ian is exceptional among politicians in being a man of few words. He talks here to Roger Berthoud

Budgetary reform would absolve the scapegoat

Have you always been what could be called a good European?

I hope so.

Even the best Europeans in Britain are nowadays critical of certain aspects of the EEC. Do you see any advantages in this slightly depressing form of reduction of the gap between the pro and anti factions?

No. No institution is perfect, and there are obviously aspects of the EEC which it is right to be critical of. When we, as I hope, set our budget problems solved, I think you will find the beginnings of a new attitude. One tends to forget that at the referendum (of 1975 on EEC membership), two thirds of the country voted for Europe.

Before last year's general election, the Conservative manifesto promised: "The next Conservative government will restore Britain's influence by convincing our partners of our commitment to the Community's success." Do you think the Government has made much progress towards that end?

I think we have made progress. They do realize we are totally committed to the Community, and despite what we are more fruitful for the Community, and for us, I think, than they were under our predecessors. But of course we have not been there very long yet, and the budget has taken up a lot of our effort.

What sort of a leading and constructive role, to quote the manifesto again, would you like to see Britain playing in the EEC?

A leading and constructive role in political cooperation and also in restructuring the budget and making it a more rational thing; and dealing with the excesses of the Common Agricultural Policy.

You have written in your most recent book that patriotism need not exclude internationalism. But given the problems besetting Britain and the EEC, is there any hope of rekindling enthusiasm for the European idea?

I think so. Only partly through fault of its own, Britain missed the greatest period of the Community during the 1960s. As a result, the period we have been in the Community has coincided with the period of world slump and inflation; and, largely, with an unsuccessful Labour government. Therefore people have tended to associate these things with Europe. So I think in the future, once we have begun to put our own house in order and to solve our budget problems, the European idea will take on a very different hue.

You think the British tend to blame the EEC for their own shortcomings?

Yes. There is a scapegoat element? Everyone has a scapegoat: more than one, usually. The EEC is one.

How closely-knit an EEC would you like to see?

I do not believe in working towards a single goal. I prefer to let institutions evolve. I think the EEC is something unique, sui generis. Therefore I do not believe we should think either in federalist or confederalist terms.

Is the present confrontation between the super-powers over Afghanistan an example of the political benefits of Britain belonging to the Community?

Yes. What has happened in Afghanistan reinforces the need for Western unity, and Britain being in the Community is a necessary part of that unity.

How have our partners viewed the British Government's efforts, in which you were heavily involved, to guide Rhodesia to independence?

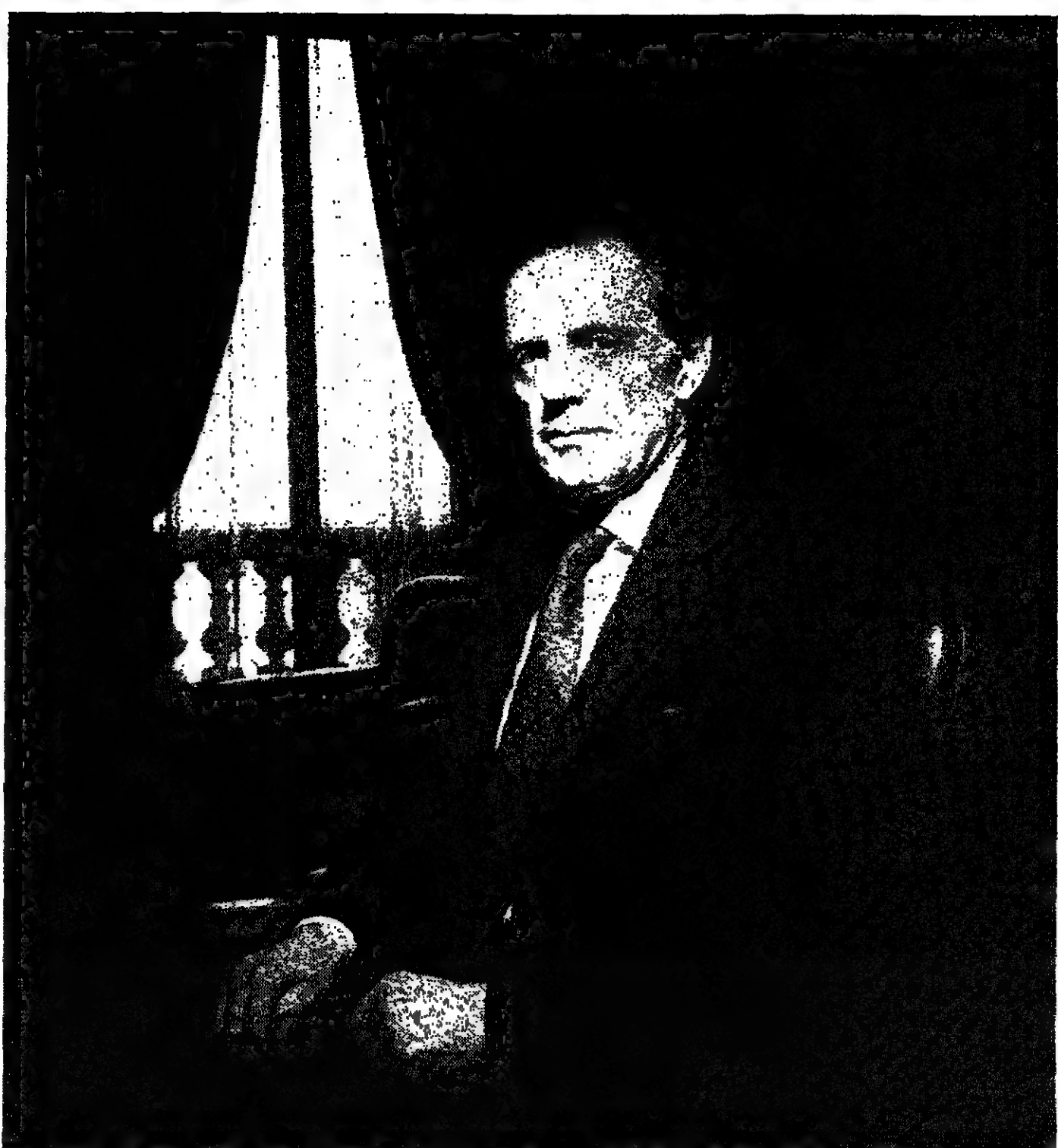
I think they regard them favourably, and are relieved that it happened. The Commission has been particularly helpful over Rhodesia. As a result of their efforts, the Council of Ministers has agreed to a favourable trading regime with Rhodesia, giving it the privileges of being a dependent country. It will get free access for its tobacco, industrial products and so on.

To come to the negative side: are we any nearer to a solution to the problem of Britain's excessive budgetary contributions?

The Dublin Council pointed the way forward. On the contribution side £350m was suggested, though not finally agreed, and the Dublin Council has agreed to give Britain the right to find ways of increasing receipts from the Community. In other words, it is necessary for the Community to spread its costs more evenly in this country. What sort of a package are we looking for?

We are not looking for a package. We are just looking to solve the problem. The Prime Minister has said we are seeking a genuine compromise but do not have great room for manoeuvre. Given our good fortune in having North Sea oil, do not some of our partners find our pleas of poverty unconvincing?

North Sea oil is part of our gap, of course, but only amounted to 2 per cent of it last year, which is less than some countries' growth rate. So North Sea oil does not transform us into a rich country.



Clive Arrowsmith

But it helps the balance of payments?

It does in one way, by stopping us having to import so much oil. But by forcing us to have our currency as artificially high, it hurts our exports very much.

Do some of our partners think we have been cashing in on the Opec price rises?

I think there was some misapprehension about this, but less so now. North Sea oil has to be sold at market prices. If it is not, somebody else is going to sell it at market prices. In other words, some dealer is going to make a great deal of money out of it.

With the CAP's surpluses at the heart of the budget problem, why has the British Government seemed to be so hostile to the Commission's attempts to reduce the surpluses, as in the dairy and sugar sectors?

We have not been hostile to their attempts. It is just that we do not believe some of the methods they proposed to be well suited to the problem. Indeed the dairy levy, as originally proposed anyway, would have damaged Britain very badly.

Do we, like Mr Heath's Government in 1973, favour a larger regional development fund as a corrective?

Yes. I favour, in the restructuring of the budget, a larger regional fund and smaller funds elsewhere.

Take from CAP and give unto regional, so to speak?

Yes.

Are we looking for a new type of Community policy, one which benefits Britain exclusively?

That is one way of doing it. Otherwise, if you are going to spend funds everywhere, you are going to run right through the 1 per cent (of VAT) limit. If the problem is lack of receipts in Britain—which it is—you can deal with it only by increasing receipts in Britain. Isn't that non-communautaire?

No, because the money should be spent on communautaire purposes.

Is it not really our fault that we import too much and export too little?

If you say we import too much in general and export too little, yes. It's the result of our economy being in decline. We have not produced enough, and have been buying too much. But it's not true vis-à-vis the Community. There has in fact been a considerable change in the pattern of our trade in the last 10 years or so. Imports from the Community have gone up from 26.1 per cent to 38 per cent. So there has been a considerable reorientation of trade. Largely agriculture, is it not?

A lot of it is agriculture, yes. Our main budgetary problem, though, does not stem from that. It stems from getting less than half of the Community's average receipts per head. That is nothing to do with re-orientation of trade, it is merely to do with the CAP and

our small agricultural sector. Do you see the European Parliament as Britain's ally in reforming the CAP and increasing other forms of expenditure?

I do not know whether or not the European Parliament is Britain's ally. I am sure it does not see itself as that. We do not always expect to agree with it, or it with us. But I think it has some sensible ideas, certainly.

But the British Government seems to have a distinctly equivocal attitude to some of the Parliament's suggestions for improving the balance of spending.

We do feel drawn both ways, because we share the European Parliament's ideas in substance, but equally we do not want a running constitutional dispute in the Community.

It would presumably be seen as a positive step if Britain joined the European Monetary System. What are the chief obstacles to such a move?

We take part in everything to do with the EMS except the

exchange rate mechanism. First we want to see the full effects of having removed all exchange controls. More important, we are still not clear what the effects are of being a petro-currency.

In what way?

In spite of a high inflation rate, your currency may go up in value mainly because you happen to own oil.

How do you view the prospect of Greece joining the Community next year?

Very favourably. I proposed the second reading of the Bill of ratification.

But there are some potential snags, are there not? For example, the number of linguistic staff in the Community institutions will increase still further, will it not?

I think the political gains will outweigh the disadvantages.

Do you share Mr Roy Jenkins's fear that Europe may be squeezed between the industries of the emerging developing countries, like Korea, and

the advanced economies of the United States and Japan?

It could happen if we did not take steps to adapt our industries. But I trust Europe will not allow that to happen.

But there is a tendency that way already, is there not: in steel, for example?

It is to some extent happening in the United States as well. Do you think some of our problems in relation to the EEC, and indeed our economic problems generally, stem from the era when our trade was geared to the safe markets of the Commonwealth?

Part of our general economic problem is that we have been in industrial decline for some time. And partly because we had the industrial revolution first, and our industries were less thoroughly destroyed in the last war than some of our competitors'.

I always feel that argument can be overcome. It is not necessarily a tremendous advantage to have everything destroyed. I think there has been a slight failure of will.

Debts mount as growth continues

We enter the decade of the 1980s with a world dominated by inflation psychology. Inflation continues to be the major concern of most monetary authorities and is considered to constitute the most serious threat to the citizens of individual communities. In Britain inflation is believed to be heading for a 20 per cent peak during the first half of 1980. In Italy and France inflation rates are 17 per cent and 11½ per cent respectively.

While only the United Kingdom, Italy and France are struggling with double-figure inflation, lead economic indicators in other major economies clearly suggest that there will be joining the struggle as 1980 progresses against a background of rising oil prices and monetary growth targets that are being exceeded in one country after the other.

Since the depression of the 1930s there has been a phenomenal rise in the global debt structure while, over the past two years, that rise in the debt structure has spilled over into consumer areas. The rate of increase in debt has outstripped production by a considerable margin while consumer debt is now growing at levels which far exceed income growth throughout the European community.

It would be totally unrealistic to expect such heavy consumption of debt, both on an international and in the domestic consumer areas, to continue for much longer. It would also be foolhardy to believe that interrelated government policies are suddenly going to emerge that will pull the world economy out of its self-feeding malaise. Today's global imbalances have resulted from several decades of excessive and unwise actions. Further interference from any central government will only hinder the necessary free market correction.

Most economic advisers have come to the conclusion that, in order to curb inflation, monetary growth must be restrained. Conventional wisdom and classical monetary theory indicate that the way to exercise monetary restraint is through the interest rate mechanism. As a result, inflationary madness in Europe and elsewhere has led to a competitive war of interest rates. Most notable was the 3 per cent rise in the United Kingdom minimum lending rate while the Central Bank discount rates were also raised at the end of the year. While interest rates in the United States, France and Germany appeared to be stabilizing, interest rates in other areas were trending distinctly higher.

Yet, in spite of record interest rates and the extensive use of the interest rate mechanism, money supply in most of the major economies continued above established targets and appeared to be financing inflation rather than curbing it. In Britain the monetary aggregates were clearly out of control. Although there was a slight improvement in the November banking figures, the October figures were nothing less than disastrous. The short-run annualized growth of sterling M3 stood at 24 per cent while the growth in bank lending to the private sector had reached the excessively high figure of 35 per cent.

Elsewhere, monetary growth was more restrained but led economic indicators in the world's major economies continued to suggest that inflation would be higher before it was lower, necessitating more restrictive monetary policy. Quite simply, the level of world economic activity has not yet slowed sufficiently to constitute a generalized peak in inflation rates and no country in any part of the globe can yet afford to revert to easy money policies without bringing on a severe decline in the external value of its currency.

Adding to the difficulties are rising oil prices. Non-oil exporting OECD countries will be among the worst affected by a global recession but far more serious will be the effects on non-oil lesser developed countries. In 1979 current account deficits of the non-oil lesser developed countries will exceed \$45,000m. Recent Opec price rises threaten to push that deficit above \$60,000m in 1980.

While IMF funding is available to the countries, a condition of such funding is frequently currency devaluation. This has never been considered a wholly satisfactory means for correcting lesser developed countries' current account deficits. It is difficult for export and import volumes to respond effectively to devaluation.

The net result of devaluation tends to be a higher level of inflation without the requisite improvement in the balance of payments. Lesser developed countries can therefore be expected to avoid IMF funding wherever possible, which will mean increasing pressure on Eurocurrency markets which are already showing severe strains and illiquidity.

Furthermore, as a result of the crisis between the United States and Iran, the threat of a global banking crisis is more

continued on page III

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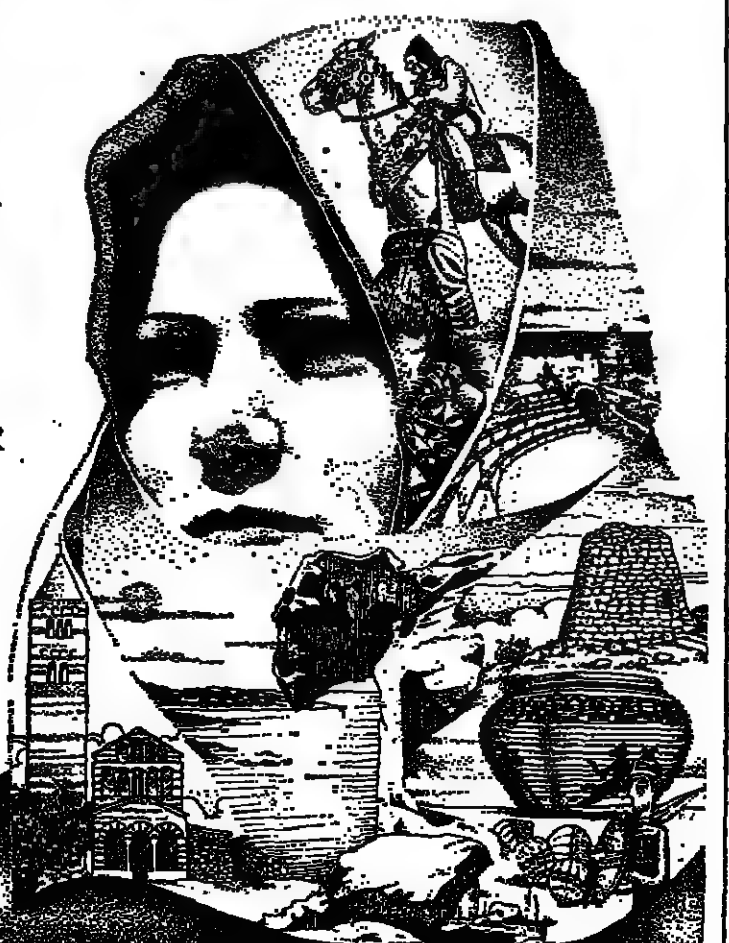
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Balance of payments position worsens

quality of growth	rate of growth	maintenance of growth		
		prices	unemployment	productivity
GERMANY	●	○	○	○
FRANCE	●	○	○	○
ITALY	●	○	○	○
BRITAIN	○	○	○	○

With the oil price increases beginning to bite, attention is once again focused on balance of payments positions. In the four European countries visible trade balances have been deteriorating.

This has been going on for nearly a year in West Germany and since last May in France. It is a more recent phenomenon in the case of Italy, which suffered a record deficit in November, although the statistics are distorted by the effects of strikes.

The countries with strong economies, West Germany and Japan, which have been producing exceptional surpluses to the irritation of their trading partners, are now much less well placed. West Germany's visible trade surplus has been eroded considerably, to only DM21,700m for the first 11 months of 1979, against DM37,400m in 1978.

But a much more significant figure, which is unfortunately published less frequently, is the current account balance of payments, which includes not only the visible imports and exports recorded by customs statistics, but also invisibles (services and so on), which are an increasingly important factor in the overall balance. There the defi-

cit recorded so far for 1979 is almost DM9,000m and, according to Herr Karl Otto Pöhl, the new Governor of the Bundesbank, it is likely to amount to DM12,000m for the full year, the first such record since 1960.

What accounts for this reversal? Herr Pöhl attributes it to the rising cost of oil imports, which exceeded DM50,000m in 1979. Oil has indeed been a factor here as elsewhere. West Germany is less dependent on imports of energy supplies than France, and still less than Italy and Japan, but the effect of rising oil prices has been so great because there was no repetition of the pattern in 1978 when the rising exchange value of the Deutsche mark helped to offset higher oil costs.

In 1979 activity in West Germany was appreciably more buoyant than in the other industrialized countries, as is borne out by the most recent official statistics showing a 4.4 per cent growth in GDP (compared with 3.7 per cent in France and 2.3 per cent in the United States) which caused imports to rise more rapidly than exports.

In Japan the deterioration has been even sharper. The trade balance is heavily in deficit, with a record \$2,000m

in November, and according to Mr Haruo Miyakawa, Governor of the Bank of Japan, it is likely to get worse during 1980. As for the current account balance of payments, it shows a \$9,000m deficit for the first 11 months of 1979, against a \$15,000m surplus in 1978.

Here again, higher oil prices naturally get the blame, although Japan has succeeded in reducing its heavy dependence on energy imports, as was pointed out in a recent report by the Japanese Ministry of Industry and International Trade. But other factors have undoubtedly contributed to this decline, as in the case of West Germany.

The first of these is the sharp fall in the exchange value of the yen, which has lost over 30 per cent against the dollar, causing a proportionate rise in the cost of oil imports. The oil account has been further increased by unofficial buying on the part of Japanese companies, said to be the biggest speculators on the free markets in Rotterdam and elsewhere.

The second factor was the growth rate for 1979-80 which, at 6 per cent, was the highest in the industrialized world and boosted imports. Finally, just before the announcements of

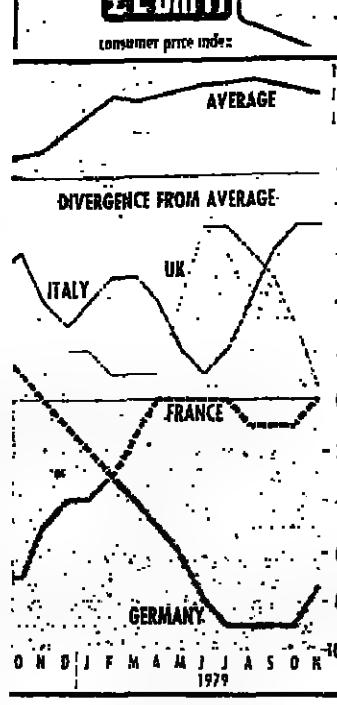
oil price rises, Japan yielded to pressure from its trading partners (who were irritated by its recurring surpluses) by agreeing to adopt a wide range of measures (such as imports of strategic materials) which are now adding their effects.

Paradoxically, the less strong economies and even those rated among the weak have fared relatively well in absorbing the impact of the oil price rises. The case of France is particularly interesting to analyse. Despite an increase in energy expenditure from 62,000m francs in 1978 to 83,000m francs in 1979, that country has managed to keep its deficit down to 10,000m francs in 1979. It achieved this by dint of a notable 20 per cent increase in exports, a performance which placed it just ahead of Japan, as the world's third largest exporter.

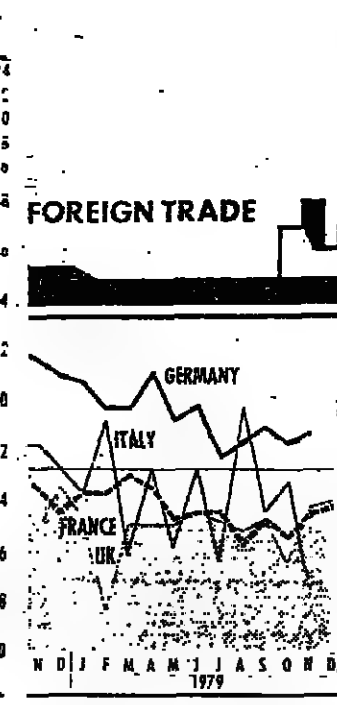
The November and December results came as a pleasant surprise, even to M. Jean-François Deniau, the Minister for Foreign Trade. In contrast to West Germany, France had a balance of payments surplus of some 10,000m francs in 1979 which it owed to its invisible earnings (large construction projects, engineering and so forth). This strengthened the franc and consequently blunted some of the effect of the oil price rises. Matters were admittedly made easier by a slower growth rate than West Germany's, but this does not detract from the merits of such a return to the virtuous circle.

Italy too managed to sustain a succession of satisfactory performances through most of 1979 and, moreover, these were rather surprisingly combined with a high level of activity reflected by an increase of about 4.5 per cent in GDP. The best results were obtained on the current account balance of

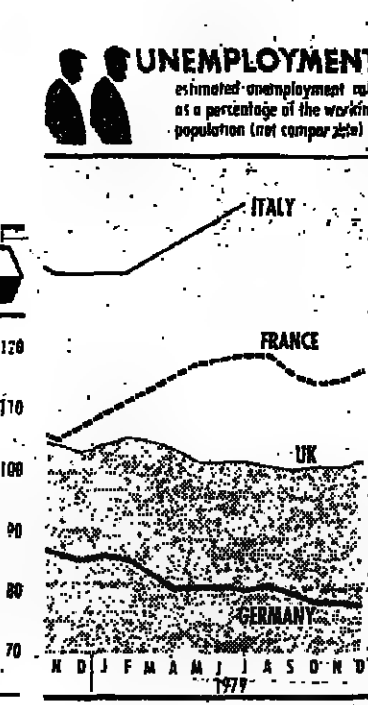
PRICES



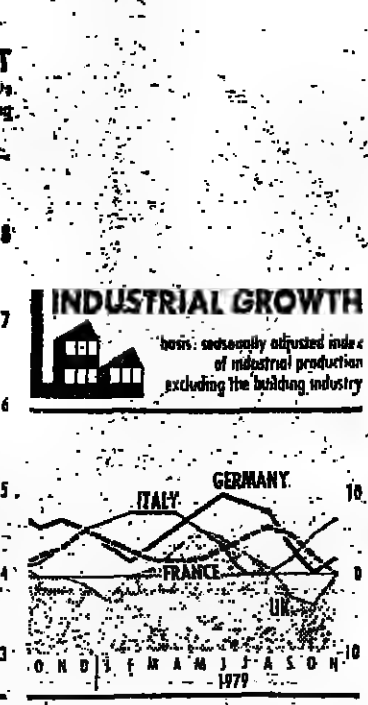
FOREIGN TRADE



UNEMPLOYMENT



INDUSTRIAL GROWTH



Prices: The average inflation rate for the four European countries has registered a further fall, from 12.5 per cent to 12.1 per cent. The main credit for this improvement goes to Britain, whose rate has come down to 13 per cent. There has been no change in France (12 per cent) or Italy (20 per cent), but West Germany has suffered a sharp increase from 3 per cent to 4.5 per cent. These rates are calculated on the basis of the past three months. The year-on-year figures are 5.7 per cent for West Germany (or 5.4 per cent using the new index), 11.8 per cent for France, 17.3 per cent for Britain and 19.8 per cent for Italy.

Payments which, with the contribution of tourism, will probably show a surplus of 12,000m lire for the year. The lira's exchange rate against the dollar remained stable for many months.

Unfortunately Italy has not shared France's success in sustaining its return to the virtuous circle. It has been blown off course by the new round of oil price rises, to which it is particularly vulnerable, being so dependent on imports. The lira is now more fragile and the economy is under threat, as with

Foreign trade: Cover of imports by exports (calculated job/cit and seasonally adjusted) improved slightly in France from 93 to 94 per cent and Britain (from 94 per cent to 95 per cent) between November and December, and in West Germany (from 104 per cent to 106 per cent from October to November). Italy, on the other hand, suffered a sharp fall from 99 per cent to 92 per cent, with a record deficit of 1,500,000m lire in November.

ness the results for November, when there were deficits of 413,000m lire and 4,500,000m lire respectively on the current account and the trade balance. Britain, for all its increasing oil output and the prospect of self-sufficiency in 1980, has not seen an improvement in its external position. Between 1978 and 1979 its trade deficit fell from £3,490m to £2,230m, but its current account balance of payments deteriorated from a surplus of £710m to a deficit of £2,420m. This disappointing development is largely attributable to invisibles, whose contribution was running at more than £100m a month in 1978, but has fallen by half or more. The authorities ascribe this fall to the excessive British con-

tribution to the EEC and payments to the foreign companies involved in North Sea oil operations. More recently the trade balance has suffered from a decline in exports under the combined effects of strikes and the erosion of British products' competitiveness by rampant inflation, coupled with a sharp rise in the exchange rate of sterling. British employers are worried and their concern is reflected in the distinctly protectionist appeal which they recently addressed to the EEC.

In 1979 European countries even the weaker ones, managed to maintain their external positions. Their task promises to be much more difficult in 1980, not only because of the higher cost of oil resulting from the increases announced before and after the Opec meeting in Caracas, but also in view of the likelihood of new offensives launched by countries seeking to reduce their deficits. Already the United States, whose products have been given renewed competitiveness by the undervaluation of the dollar, has improved its position and has announced its first current account balance of payments surplus in three years—almost \$1,000m for the third quarter of 1979. Japan for its part, aided by the weakness of the yen, will undoubtedly launch a new export drive. It is bound to be a hard struggle, particularly in view of the difficulties already being experienced over the recycling of petrodollars and their consequences on the financing of deficits.

Growth rates: Between October and November the industrial growth rate was unchanged in France (10.1), recovered slightly in West Germany (2 per cent), and accelerated in Italy (7 per cent). In Britain it has recovered after the decline of previous months.

Maurice Bommensath

Unemployment and moonlighting

Two in three pessimistic about work

The European employment pool may be said to be either half empty or half full. Out of a multinational sample of 9,000 people interviewed in a survey* conducted by Mme Hélène Riffault on behalf of the directorate-general for employment and social affairs of the Commission of the European Communities, 13 per cent had been unemployed and a further 36 per cent had seen unemployment in their immediate circle between 1975 and 1978. So almost one European in two had had some experience, either direct or indirect, of unemployment.

About two thirds of the population between the ages of 20 and 30 were affected and half of those older than 60, but only one person in 10 between 54 and 60. These are high figures. Circumstances and attitudes to unemployment vary from one country to another. Although two Europeans in three were pessimistic about employment in their region, their views varied widely depending on where they lived. Morale was generally good in West Germany, fair in Denmark and The Netherlands, poor in Italy and very poor in France. These differences can be accounted for not only by economic but also by political and social considerations which differ from country to country.

It is estimated that 26 million people in the Community have had experience of unemployment or unsuccessful job-hunting over the past three years. Of these, about 40 per cent remained in this predicament for a year or more. The proportion is particularly high in Britain, the Republic of Ireland, Italy and France. Today out of every 10, four have found employment, two have given up and stopped looking (three quarters of these are women, of whom a third are breadwinners), and the remaining four are still seeking employment.

There is widespread criticism of unemployment benefits on the ground that they encourage people not to work. Mme Riffault has tried to clarify this in her survey. Two thirds of the Europeans interviewed said they knew or had heard of people who were registered as unemployed, but who would be keen to work if they could find a job.

The country where the view that there were abuses on one side or the other was expressed most frequently in The Netherlands, followed by Italy. In none of the countries, however, was there any great difference between the opinions of those who had never experienced employment difficulties and those who had.

*Unemployment and job-seeking: European public opinion and attitudes. Results and analysis of a survey carried out in the countries of European Communities. Commission of the European Communities. Study 78-31. The European Omnibus, Brussels.



Unemployed youths in West Germany; job availability often does not measure up to their aspirations.

More than a third of the people who had gone through a period of unemployment or unsuccessful job-hunting during the past three years said they had never received any unemployment benefit or other financial aid from the public purse. Analysis of the replies of those people who said they had been without work for a year or more shows that a smaller proportion of them than of the others who had been unemployed actually registered, and that they received less benefit.

Until now there have been no statistical data on the extent of practices such as moonlighting and informal work in the Community. Judging from the experience of the public as reflected in this survey, informal

work is almost as widespread as overtime, and moonlighting is not uncommon. Opinion is divided on these practices. It is broadly in favour of overtime, distinctly hostile to moonlighting, and almost equally divided on informal work. Those with experience of unemployment are no more hostile than others to either moonlighting or informal work, but they are much more firmly opposed to overtime. Italy is the country where these practices are most widespread, although most workers were hostile to them.

In Ireland and Britain, which follow immediately behind Italy on this score, opinion is strongly in favour of overtime and less hostile than elsewhere to moonlighting. West Germany is strongly in favour of informal work and it is the country where moonlighting is least common. France is apparently the country where these three formulas are least widespread; opinion there is decidedly hostile to moonlighting, broadly

against informal work and in favour of overtime. It is widely agreed that it is bad advice to recommend the unemployed to seek informal work or to compromise on the type of job they hope to find and that it is better to encourage them to learn a new trade and moderate their demands.

Women and young people are worst affected by unemployment. Discrimination by employers against women is most marked in West Germany, Italy and Denmark. The main reason quoted in Italy, West Germany and Luxembourg was the decline of industries employing a high proportion of women, whereas in Britain, The Netherlands and France it was their lack of training. In Belgium, by far the most common explanation was that many women considered themselves better off drawing benefit than working.

Regarding youth unemployment, one reason predominates: employers' preference for recruiting employees who

already have experience. But the failure of available employment to measure up to the aspirations of young job-seekers is another widespread difficulty, especially in West Germany. In Italy, France and Denmark employers' reluctance to create new jobs is an important factor. In Britain some of the blame is attributed to the lack of vocational training both for the young and for women.

The worst things for some are unable to find work are the lack of income, the loss of self-confidence and the prospect of family difficulties. Fear of social opprobrium is extremely rare. The possibility of being ill-judged by friends and acquaintances counts for little. As Mme Riffault writes: "It would be interesting to have access to answers to the same question asked 10, 25 or 50 years ago to be able to measure the development in attitudes on this aspect."

Jacqueline Grapin

A look at commercial organizations

How help is given to keep foreign trade flowing

The total value of the foreign trade of the four leading powers in the European Community—West Germany, France, Britain and Italy—now exceeds \$600,000m a year.

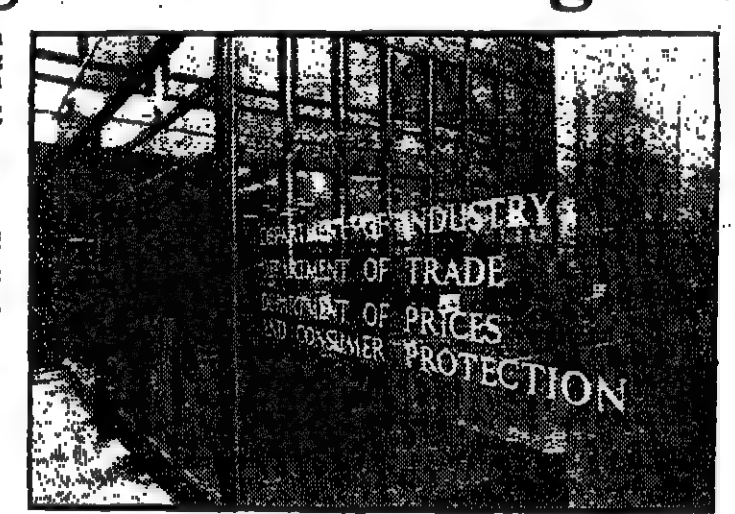
This figure covers at least a quarter of all world trade and, where exports alone are concerned, corresponds on average to about 22 per cent of each country's gross domestic product, from 16 per cent—the lowest figure—in the case of France, to the top figure of 23 per cent in the case of Italy (OECD figures for 1978). Yet only two of these four countries, France and Italy, have a Ministry for Foreign Trade.

In Britain there is a single Department of Trade, which has a number of "mixed" departments, and a British Overseas Trade Board. In Germany, foreign trade is the responsibility of the Ministry for the Economy, although its foreign trade amounts to more than \$200,000m a year. This makes West Germany second in the world after the United States.

In snobbish where foreign trade is concerned is obviously more apparent than real, but it still indicates a certain detachment, which is reflected also in the supporting bodies that assist, or could assist, the public administration in running and promoting foreign trade. In fact, only France and Italy have a public or at least a semi-official organization to assist the Government in keeping foreign trade flowing.

In Britain, the organizations mentioned concern themselves with export credits and guarantees, market research, and arrangements for British firms to take part in trade fairs and exhibitions abroad. There are also about 15 regional offices which keep in touch with local firms which are interested in exporting. In the various ministries, from the Ministry of Agriculture to the Ministry of Health, there are offices with a special interest in exports in their own sectors. The bilateral, or mixed, chambers of commerce—Anglo-Italian and so on—are also involved. The overall organization works well enough, and the embassies have their commercial counsellors, but there is no special institute for foreign trade. The famous words that once were heard in Lloyd's of London—and perhaps could even be heard today—come to mind: "Fog in the Channel—the Continent is cut off."

In West Germany foreign trade is based, in practice, on the bilateral chambers of commerce of which there are about 40, distributed over 36 countries. There are 14 of these in Latin America, 12 in Europe, five in North Africa, five in Asia, three in Africa, and one in Australia. These are for all intents and purposes private associations, as regards both their budget and the way they are run, but the Government can intervene, in fact it does, to finance initiatives of special importance. It is a very active network, since three quarters of German foreign trade and more than 90 per cent of investments, in both directions, are carried out with countries where these chambers of commerce are located. The motto



might, therefore, be: "Where there is no bilateral chamber of commerce, there is nothing of any commercial interest to Germany."

In France, there is the Centre Français du Commerce Extérieur, which acts as a connecting link between the public administration on the one hand, and exporters on the other. The main link is with the Ministry for Foreign Trade, at political level, and the Department for Foreign Economic Relations—which is part of the Ministry for the Economy at operational level. The commercial counsellors, who form part of the Ministry for Foreign Affairs, if they are located abroad, or the Ministry for Foreign Affairs, if they are in France, form another solid link with the public administration.

The centre, in fact, has no offices abroad, but has its own representatives who work in the commercial offices in the embassies. Finally, the centre liaises closely with the departmental staff of the various ministries, for example the Ministry of Agriculture which, also through the ambassadors, provide and receive commercial information and organize initiatives.

On behalf of exporting firms, the French centre is in direct contact with the various firms and business organizations concerned, including joint chambers of commerce. There are several regional representatives of the centre for this purpose, working by groups of regions, and contacting the sectoral and professional trade associations. This system is based on the American model recently introduced by President Carter, who organized special commercial offices directly responsible to the Ministry of Foreign Trade.

The responsibilities of the French centre are clearly defined and shared between four departments: information, the promotion and organization of fairs and exhibitions abroad, geographical and sectoral relations, and exports of agricultural products. In addition, the centre looks after arrangements for export credits, commercial agreements between France and other countries, and negotiates the large turnover contracts which are of special economic importance. The Italian Institute for Foreign Trade (ICE) is a semi-official body formed during the last war, almost exclusively

to exercise quality and health control over agricultural exports. Over the past 30 years the institute's responsibilities have been extended to include the promotion of foreign sales of industrial products, which today represent 90 per cent in value of Italian exports.

The three different sections within ICE, which are approximately of equal size in terms of staff—about 600 in each—are the head office in Rome, the branch organization throughout Italy, with some 40 offices, and the foreign organization, with 62 offices in about 50 countries. Its responsibilities are wide, but the new ICE management, which has been in charge for about two years, has concentrated its efforts in four directions: over and above agricultural control. These are, respectively, technical and commercial information, especially for smaller firms; the training of young people for jobs in firms which are export-oriented; assistance abroad with market research on behalf of Italian exporters; and the promotion of Italian sales abroad.

The reorganization of the ICE over the past two years mainly concerns sales promotion. The defensive policy of allocating funds in proportion to Italy's market share in the different countries, has been replaced by an offensive policy aimed at capturing tomorrow's markets, which is somewhat different from the traditional approach of Italian sales abroad. The ICE and SACE together are the two operators arms of the Italian Ministry for Foreign Trade, which has a supervisory role and is represented on the two boards of directors. The system seems to function, within the somewhat narrow limits of semi-officialism, with all the bureaucratic difficulties which that implies in Italy. A change in style, such as the transformation of ICE into a business agency might give a new momentum to Italian exports, and this is a safety valve that Italy needs, more than anything else, if it is not to suffocate.

Mario Salvatorelli

More take the Tito line away from Moscow

How does Yugoslav decentralized socialism work, with its worker councils and delegates system? Is it a new political model, or is it only an adaptation of classical Leninism of the Soviet kind?

The answer to such questions must be somewhat complex, for even many Yugoslav Communists—including top party leaders—often contradict themselves. What is certain, however, is that the Yugoslav model is the historical outcome of the conflict between Belgrade and Moscow.

When President Tito stood up to Moscow in 1948, and Yugoslavia was expelled from the Cominform, the association of Communist parties, under Soviet control, which was then in being, the political and economic system in Yugoslavia was still an almost exact copy of the Soviet model. President Tito was then at the head of what was to be an intent and purposeful Stalinist state and of a Stalinist party which in its organization at least was on Stalinist lines.

The Yugoslav Communists immediately proceeded, after the break with Moscow, to make a virtue out of necessity by seeking ideological justification for their sudden change of course. They fell back on the anti-centralist, syndicalist and co-operative traditions of the working-class movement. It is no coincidence that Soviet criticism of the Tito line later made internationally common cause with the expression "Yugoslav revisionism". For President Tito—or rather his ideologically schooled lieutenants Kardelj, Kidric, Bakarić and Djilas—attempted to support every new policy development in the Socialist and Communist movement which had been blocked by Stalin and the organs of Soviet despotism.

So it was that they lighted on the magic formula of "worker councils", which were to take over factory administration from the central bureaucracy. The first law on worker self-management was promulgated in 1950. This meant that for the first time in any Communist country industry was accorded certain prerogative rights at factory and trade union level. The rise of the political machine. For the first time under any Communist regime industry was no longer totally dependent on the party authorities.

These worker councils, which are now elected by the workforce and in turn are responsible for choosing management and directors, had initially only limited responsibility. The Yugoslav system of decentralized socialism still suffers from the contradictory situation of a Communist Party organized on hierarchical lines in addition to and above, a freely motivated system of self-management with a natural bias against hierarchical structures. The position is further complicated by the fact that Yugoslavia has not one Communist Party but six national Communist parties in each republic which for their part all need to try to pull together.

The economic reforms brought in in 1965 greatly increased the responsibilities of the self-administering organizations. Responsibility for production planning and investment decisions and, within certain limits, pricing policy was transferred from government agencies to the factories. In addition to and above, which the Yugoslavs themselves call "social market economy", whereby central government reserves for itself only the right to draw up a skeletal plan for the country.

At the same time the political leadership retained certain responsibilities for ancillary services, transport and communications, as well as for heavy industry. Up to 1974 the Yugoslav system of self-administration was primarily social and economic in character, but under the new 1974 Constitution and the legislative measures deriving from it regarding "work partnership" in practice, the concept of self-administration was incorporated in the country's political system.

"Chambers" are now in operation at different levels of government—local, republic and federal—comprising delegates elected by the factories and certain economic branches which are a form of economic group with the purpose of protecting their own specific interests.

The application of this legislation on decentralized management has, however, brought about certain difficulties in practice. Edvard Kardelj, who died last year, one of President Tito's most valiant fellow campaigners, was the creator of the new system in Yugoslavia, and the visionary behind it. But he always refused, perhaps because of his Slovenian origin, to lose himself in details, and to make things too complicated through over-systemization. To Kardelj's way of thinking, and according to official Yugoslav ideology, a Socialist society also contains pluralist, that is to say opposing, interests.

These socio-economic instruments, then, are available to the workforce in the factories through which they can enforce their legal rights? To be able to make full use of the statutory provisions on worker councils, the workers need not only a good deal of information but also a tradition of fighting for their rights.

This polarity causes a continual conflict of interests. The question of what will happen in the future remains unanswered: how can a meeting point be found, the system

management can be considered from two points of view: first its economic efficiency, then its political effect. On the economic aspect, Western specialists have heavily criticized the many deficiencies in the system. But the Yugoslav system has so far proved itself as a political instrument.

Even sharp conflicts such as certain strikes (permitted in Yugoslavia in contrast to the position in all other Communist states) have not led to consequences which might endanger the continuance of the system. President Tito has so far had no occasion to set tanks on the workers, either his own or from abroad.

All the same, the complex system in Yugoslavia displays a number of weak points. Decentralization sometimes leads to egotistical behaviour by individual regions or enterprises. This is exemplified by the various supply problems that have occurred this winter. Belgrade, for instance, suddenly found there was no milk to be had, because the self-administering organization responsible for supplying it chose to export its produce to Greece in return for foreign exchange rather than sell it in the capital. Supplies of detergents were also held up because a firm in Slovenia (also self-administering) had used all its foreign currency too soon and could no longer procure the necessary raw materials from abroad.

Yugoslav officials often admit that the country has been living beyond its means. Inflation and severe shortages of raw materials from abroad are knocking holes in the system. The Yugoslavs have to cope with the crisis as best they can with a system based partly on a social and partly on a market economy—and one which in many respects contains the disadvantages of both.

But the present crisis would not appear to be unresolvable as long as the Yugoslav leadership does not slip back into centralist planning methods, and so substitute for an "open" system a more "closed" temporary one that is permanent.

One thing is, in any event, incontestable: several Communist parties—including the Chinese, Italian and Spanish—do not aim back to centralist planning methods, and so substitute for an "open" system a more "closed" temporary one that is permanent.

Carl Gustaf Ström

On the contrary

Menu for the Summit

Begin with Afghan salami tactics, and blanch. Leave Olympic game hanging, but otherwise fritter, chicken out and rabbit on until in complete pickle. If short of oil, butter up and curry favour with hard-boiled eggs à la russe. Let American upside-down cake simmer in hot water until of jelly-like consistency, then top with well-blown raspberries. Make hash of Yugoslav baby beef and fudge of Persian honey, being careful not to add too much ginger.

Meanwhile, prepare champignons à la grecque, Spanish omelette, and potage portais; but hold back turkey, and duck.

Spend as much time as you can on assiette anglaise: chop finely, whip up as much as possible, then beat Brussels sprouts, sage and high liver together, and crab for 10 minutes. Add sweet-and-sour sauce to make savoury tarte à la crème.

For sweet, offer a choice of charlotte russe or chinese figs. Serve milk and water throughout the meal, and above all delay punch until after final bombe surprise.

PANGLOSS



Demonstrators outside the United States Embassy in Tehran display messages intended for American newspaper consumption.

Debts mount while growth continues

continued from page 1

a reality than most are willing to consider. Supposedly, the Iranians are in debt to United States banks to the extent of \$6,000m. Assets that have been sequestered by the United States in domestic and foreign branches are said to total \$12,000m.

It is believed that Iran intends to default on the \$6,000m in loans while withdrawing the total \$12,000m and placing it in other currencies and in banks outside the United States. The net result will be a withdrawal of \$18,000m from the United States banking system which, without any doubt, would trigger a chain reaction among bankers with outstanding Iranian debts.

While banks in the United States, Germany and Switzerland have the greatest exposure to the \$6,000m in Iranian debts, those who are ultimately affected will cover a far wider range. Most international banking syndicates have participated in Iranian loans with United States banks and it is doubtful if any leading banker will escape the consequences of a world banking crisis.

Clearly, many of the smaller banks will face a moratorium which will exert pressure on the larger banks. It must be remembered that the sums involved make the property banking crisis of 1974 in the United States and the United Kingdom resemble the debt position of a local fish merchant by comparison.

Adding to the threat of an international banking crisis is the widespread belief that the international banking system has been travelling along uncommercial paths merely to keep potential defaulters afloat. There has been a marked tendency to seek deposits from the rich oil-producing nations and to then recycle short-term deposits on a long-term basis to the purpose of rescheduling debt. Throughout history the formula for a banking crash has always been "borrowing short, and lending long".

In the United States, Japan and Europe, bankers are being told by their regulatory agencies that it would be dangerous

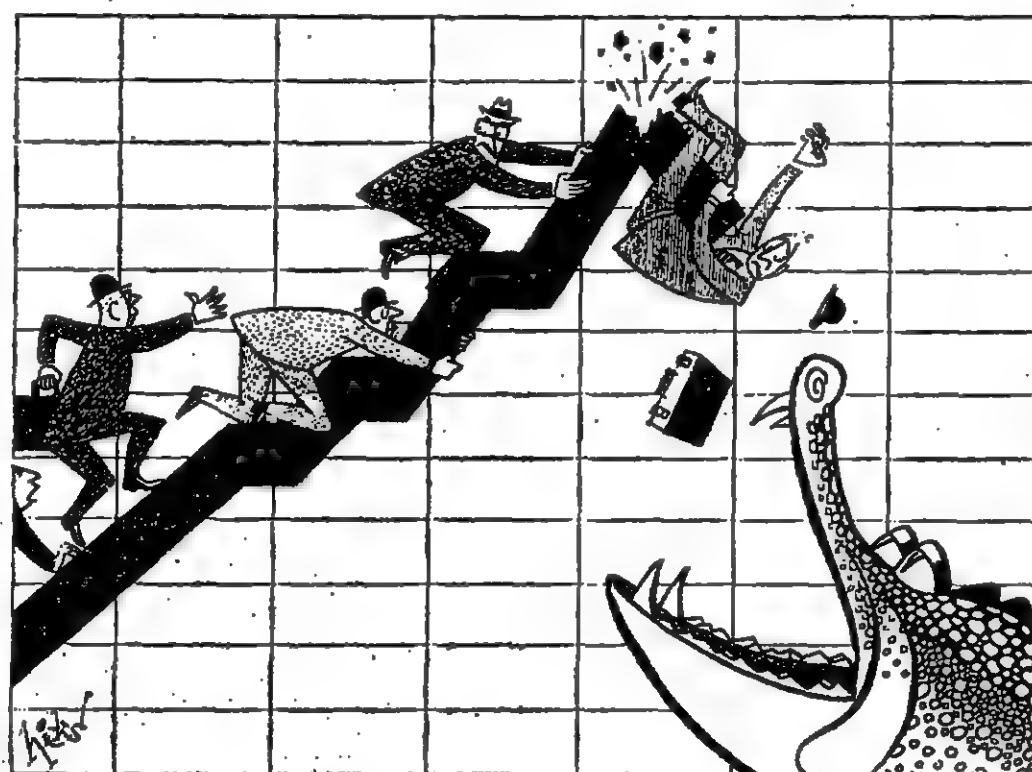
to the health of their financial systems to take on much more debt from the lesser developed countries. Recycling such debt is perceived as inherently dangerous yet, if roll-over credits are not extended, if debt is not rescheduled and refinanced, the international banking system will be threatened by a major default of one or more of its creditors, which could be even more dangerous.

While the authorities pursue a policy of monetary restraint, designed at bringing inflation under control while being mesmerized by their individual consumer price indices, a far greater threat lurks in the background—the threat of deflation. While all attention is now focused upon inflation, it is only really an interim problem occupying the brief period of the 1970s. The real problems of the 1980s will be financial panic, recession and eventually deflation. For nearly 40 years economic growth and the income statement have held the limelight. The day of the balance sheet is coming when survival will take precedence over growth.

What most planners fail to recognize is that deflation has been a far more permanent part of our economic system than inflation. As the history of prices since the time of St Thomas Aquinas clearly demonstrates, we have spent more time experiencing periods of falling prices than we have rising prices. Debt contraction has superseded debt expansion over the longer term. Deflation means high unemployment, bankruptcies, panics, depletion of capital, bank failures, and was held in dread fear for a longer period than inflation ever was.

But now fear of inflation supersedes fear of deflation and the lack of preparation for countering deflationary forces accounts for a considerable degree of the threat that is imposed. Deflationary factors are working through the system almost unrecognized.

There is no argument that taxation is deflationary. Most retail price indexes are distorted by taxation and therefore overstate the true rate of inflation. Mounting debt and also deflationary, as is monetary restraint. If there is one thing that John Kenneth Galbraith



and Milton Friedman agree upon it is that oil price rises are deflationary. Mr Galbraith says it in the last chapter of his book on money. Milton Friedman says it on every possible occasion.

It has been estimated that oil price rises account for 25 to 50 per cent of total world inflation, a figure which was agreed upon before the recent oil price rises in December. Yet this concept is totally incorrect. Based on the most simplistic interpretation of the quantity of money theory, oil price rises involve the vast withdrawal of funds from global economies.

These funds become non-productive and are not recycled. The result is less money in the world economy to buy a gradually increasing supply of goods, exerting in turn a downward force on the price structure.

Of course, if governments decide to print money for financing oil price rises and monetary growth is extended beyond the growth in oil prices, the result is deemed to be inflationary, since more money is created to buy the same amount of goods, exerting an upward pressure on the price structure. However, governments have discovered in recent years that the process of deficit financing has become self-defeating.

The net result of excessive monetary growth has been debasement of the currency with Opec merely countering the tendency with further oil price rises in order to compensate for the decline in the purchasing power of the currencies in which they accept payment for oil.

Governments the world over have decided to "bite the bullet", abandoning deficit financing, leaving the monetary system with a situation where oil price rises actually act as a multiplier to negative monetary trends. In other words, we have less money chasing a fairly constant supply of goods and services, resulting from the transfer of wealth into uncirculated Opec deposits and exacerbated by the difference between the level of monetary growth and the rate of consumer price inflation.

Present trends are bringing the global system to a lack of liquidity where further increases in the debt structure will create bad debts and a deflationary explosion. After decades of living beyond their means, communities the world over are now highly illiquid.

The cost of servicing debt, both on a national and international level, plus the need to retire outstanding debt, will place a serious burden on the entire world. People now find that growth in debt services has been climbing faster than incomes while the banks, too, have become illiquid. The

quality of bank earnings has sharply deteriorated while their equity to debt ratio has plummeted.

It is the illiquid state of the private sector in various economic systems that has been primarily responsible for the economic sluggishness of recent years. Free market forces are not emerging to correct the excesses and what we are witnessing is a gradual transition from credit expansion to (voluntary and involuntary) credit contraction.

Thus far, the worldwide recession is in its early stages and the extent of contraction has been confined to prime business corporations around the world. It is expected that present trends will result in a broadening of the process during the coming year.

In the months ahead government borrowing and private borrowings are likely to contract. When total borrowings contract and a portion of current income is applied to repay previous debt obligations, demand falls below the supply of goods, a development that leads to price deflation. Because the private sector of the important world economies remains formidable, the deflationary pressures resulting from credit contraction will move to offset the inflationary forces generated by the public sector. Thus, even if fiscal deficits continue to rise, we have reached a state where the impact on prices could still be totally nullified by only a small percentage in the level of outstanding debt.

Outright credit contraction will become increasingly more pronounced as global recessionary forces gain momentum during the coming year. Domestic consumers will be forced to repay outstanding loans with reduced income in terms of purchasing power. Personal consumption will then be substantially reduced and bankruptcies in the private sector will proliferate.

Ordinary banks, beset by excessive bad debts, would have trouble surviving. But the experience of the 1930s is still fresh in the minds of the banking community and, as demonstrated by the bail-out of the banking community by central bankers during the mid-1970s, central bankers can be expected to come forth as the lenders of last resort, but only for as long as an international banking crisis can be averted.

The possibility of global bankruptcy, deflation and depression seem more a matter of when than if. Deflationary forces which persist are far greater than anything we have ever seen in history, as is the colossal level of the global debt structure. Forces which could trigger such a catastrophe almost overnight are with us constantly. If the world does

experience severe deflation and depression during the 1980s, it could well turn out to be the biggest economic debacle in history—and an important turning point in many of the trends that have characterized the human enterprise since the Second World War.

Economic forecasters who base their assessments for the decade ahead using straight-line projections on postwar trends, may find their forecasts going awry. Many will argue that a depression on the scale of the 1930s and inherent deflation can never happen again. They will claim that the environment today is totally different from that of the 1930s and we have a regulatory mechanism provided by governments that would prevent the recurrence of a debt liquidation on such a scale. The Keynesian economics and monetary measures of the 1930s and 1960s are cited as evidence that recessionary forces can be controlled. This is a complete fallacy.

The environment of today, while much changed from the 1930s, is equally irrelevant to the environment of the 1930s and 1960s. During the 1930s and 1960s, the global economy was seemingly untravelling uncharted territory and international bankers were taken by surprise. Once again we are in a position which appears without precedent. There is strong indication that the mechanism designed to cope with moderate recessionary forces will be totally insufficient to cope with the deflationary potential in world economies at this time.

Serious depressions are totally reliant upon the fact that very few prepare for them or acknowledge the possibility. Governments, businesses and individuals should begin to consider how to prepare for the threat of massive deflation simply because the eventualities would clearly have enormous consequences. The importance of contingency planning would appear only sensible. There are, of course, many individuals who believe that if we think about a depression we will bring it about.

Doubtless there are equal numbers who believe that defence planners may bring war by thinking about the possibilities. But planning and defensive measures will certainly not bring about a global depression; instead planners may be able to calculate ways to mitigate the effects if global forces become inexorable. It will be those governments and economic advisers who refuse to recognize the deflationary potential that will bring the worst havoc upon those who have entrusted them with power.

Robert C. Beckman
Investors Bulletin

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John Ardagh finds that EEC habits still vary greatly

A tale of four cities

Personal spending and leisure habits still vary greatly among the European Community nations, despite modern consumer pressures towards uniformity. This is one of the conclusions of my research for a new book, *Life in Europe today*, based on lengthy visits to Stuttgart, Bologna, Toulouse and Newcastle.

The variations depend as much on local tradition as on income levels. In a word, the wealthy but thrifty Swabians of Stuttgart put the accent on home comfort and savings; Toulousains and Geordies (in Newcastle) are each in their different styles great hedonists, spending zealously on passing joys; Bolognese base their pride on elegant outward display (*bella figura*).

A Geordie might be amazed at how much of his income the average Bolognese devotes to new clothes. A middle-class man will buy two or three suits a year and several pairs of shoes; a Geordie may keep his shoes till they wear out, and buys one suit a year at most. This is a matter of social values, more than the fact that Geordies have less spending money. "If I didn't dress well," a Bolognese girl said, "I'd be an outcast. I'd no longer be invited to parties. People stare at you horribly if you're outrageously or too informally dressed. But when I was in Britain I saw that no one minds."

In Bologna's streets, the elegance is striking—women in furs and jewels, men in carefully-knocked silk ties. Even *bambini* are decked out as family status symbols. Bang Bang Baby boutique does a profitable trade in chic velvet coats for six-year-olds.

In Newcastle, most older people look dowdy; only the young try to be trendy, but in the post-war tradition of a year or two ago. "New styles catch on a year later than, say, in Leeds or Manchester," one boutique-owner said.

Swabians, if with less flair and passion than the Bolognese, indulge in expensive clothes, in a heavier style, and social acceptance, as in Bologna,

may depend on dressing in the right convention. "I must be smart but not conspicuous," said one resident; "the ideal here is to be decent." In Toulouse, a more casual style is catching on, yet with its own conventions. For a party, on the Continent everyone knows what to expect and dresses in much the same way; in Newcastle, scruffy old jerseys, Savile Row suits and flowery open shirts will be downing their brown ale or gins-and-tonic together and no one worries.

Geordies I have called "happy sing-song hedonists in a gastronomic desert." They care even less about food than clothes, and spend less of their income on it than in the other towns (the tiny handful of passable restaurants are Indian and Italian). But they do know how to have fun, at modest cost. Despite pub closure at 11 pm, Newcastle has the liveliest night life of these towns—a merry fiesta of discos and bingo halls, amateur drama and music groups, heavy sing-songs in pubs and working-men's clubs, and mock-medieval banquets. Add to this the English passion for hobbies, with scores of local meetings of whippet-racers, dahlia-growers, brass-rubbers and the like. Geordies may lack the Latin graces, but they make up for it in exuberance—partly perhaps to compensate for the bleakness of their decaying industrial surroundings.

Sum-soaked southerly Toulouse also bubbles at night, in a more open-air style. The big terrace-cas s are still full at 1 am; bearded guitarists sing Occitan ballads in dim-lit caverns; and much serious eating is still done, despite the intrusion of hybrids such as "le Grill-Pub" and other fast-fooderies.

Pleasure-loving Toulousains spend their leisure time and money on food, sport, culture, travel. Like the rest of France, they have suddenly rediscovered a passion for music, especially classical; and tennis, swimming, even squash, find their place beside the hallowed local traditions of boules and le rugby. Many families own a secondary



Contrasting styles of dress. Above: Bolognese girls, casual yet chic. Left: Newcastle man, cloth-capped and traditional.

rural home—twice as many as in Bologna, 10 to 15 times as many as in Stuttgart or Newcastle—and to these they speed off every weekend, or else to the sea or mountains. Even with petrol now at 3.30 francs a litre, motoring is still a major obsession with the restless Toulousains.

The Bolognese are more sedentary (perhaps because they are even more weighed down with rich food). This, the world capital of pasta, is Italy's only town that can claim to be the gastronomic peer of almost any in France: the plum Bolognese bestow nearly as much money, effort and passion on the subtleties of creamy *tortellini* and other local wonders as they do on their clothes, and long gossip meals in homes or *trattorie* is the main leisure activity. But caf s are strangely few and uninviting, and cultural life (save in the visual arts) is moribund compared with that of the other towns.

Stuttgart's famous motto is *Schaffe, schaffe, H usle baue* (work, work and build your little house). Leisure is for being active and useful, not just relaxing, and the principal pastime is do-it-yourself home improvement. Housing and home d cor, though not always in the finest taste, are notice-

ably more opulent and modern than in the other towns. Outdoor exercise has also become a cult, but the accent is less on team sports or recreation than on activities with a keep-fit rationale such as hiking or assault-courses in the woods. Swabians would never take to a near-static sport such as *boules*. Sport, like housework, is a tool for self-improvement, and so is culture: opera, concerts and, of course, ballet are of high standard, and middle-class Swabians regard regular visits to these in formal clothes as almost a moral duty, as well as a crucial means of asserting their status in society.

Moreover, the local puritan ethic decrees that fortunes are to be made but not seen, and the public display of wealth is in bad taste. One millionaire factory-owner kept his huge Mercedes in his garage at home, used it only for country pleasure motoring, and drove to his office in a little Volkswagen because he did not want to show off to his workers—most unlike the values of Munich or Hamburg, and a *fortiori* Bologna. However, Swabians do have their less earnest side: the simpler ones sing and drink in beer-halls and wine-pubs.

The towns' differences in holiday habits are striking, and here the Swabians are the most adventurous: I met workers' families who had taken their cars on camping trips to Norway and Romania, while package-tours attract all income groups as far as, say, Mexico or Thailand. Like Swabians, many

Geordies, too, go on package holidays to southern beaches, mainly Spanish, where they tend to be put in cheaper hotels than the Germans. Each national group keeps to itself. Geordies and Swabians spend two or three weeks on their summer holiday, Latins rather longer, maybe four or more.

Toulousains have no need to travel to find the sun, and many of them holiday in their own homeland of south-west France, in their country villas; but a growing and sizable minority, especially the young, go off in twos and threes to far parts of the globe. (Apart from the Club M diterran e, the French have hardly discovered the package-tour.) It is the Bolognese who win first prize for unadventurous parochialism: usually they settle for the Adriatic resorts, 60 miles down the autostrada, where middle-class families go back year after year to the same villa or modest hotel, and often stay the full three months of the school break with husbands coming down at weekends. Few think of going abroad. After all, this cheapish local holiday leaves all the more money to spare for those Gucci shoes and souffles of pasta with truffles.

"A Tale of Five Cities" (Secker and Warburg, London, £8.95). The fifth city, Ljubljana, is added for contrast; as it is not in the European Community, and does not have a Western-style economy, it is not included in this article.

Trompe l'oeil

A new series of articles on various misconceptions surrounding economic issues. Today Tans-J rgen Mahnke looks at gross national product

When the figures can lie

Last summer many Swiss were surprised to discover when the Swiss Banking Corporation placed Switzerland at the top of the list of countries with the highest gross national product. In 1978 the country's per capita income went up by \$3,890 to \$13,853, yet the Swiss were hardly aware of it.

Switzerland has a further massive revaluation of the Swiss franc to thank (a yearly average of 34.4 per cent) for this leap forward. This is according to the SBC analysis. In fact the gross national product increased by only 0.2 per cent.

Politicians like to play around with gross national products, but the margins of error are considerable. For the value of all the goods and services produced in any one year less the value of the goods used in their production—the present definition of national product—cannot be directly stated on the international plane. As a rule values are calculated on the basis of reports from institutions such as statistical offices or associations. And the unreliability of the survey methods they use is well known.

This does not matter so much if the national product is considered over a short or at any rate medium term; since the same errors are repeated every year, the growth rate accurately reflects the ups and downs in the economy.

But when longer-term comparisons are made structural changes in the national economy affect the authenticity of the national product as an indicator of the economy as a whole. In principle only those transactions are recorded which are concluded through the market place; although this is the way in which most transactions are concluded in the industrial countries, there is still the need to make a good many assumptions, and the import of this changes as time goes on.

For example, work done by the housewife is not taken into account for calculation of the national product, whereas a cook's wages are. So that if a man marries his cook he is decreasing the national product, while if more washing is sent to the laundry instead of being done at home the national product will rise.

Comparability over the longer term is also made less

reliable because of the increasing part played by the state. Government services and benefits, for which there is no market price, can be accounted for only by the use of various devices. The same applies to own consumption by enterprises, or to home ownership.

International comparisons are equally problematical, although they arouse the liveliest public interest. People register the fact that last year West Germany fell back from fourth to fifth position, changing places in the table with the United States, that France is in fourteenth and Britain in twentieth place. Italy is now twenty-third on the list, just behind East Germany.

Comparisons of this sort can possibly supply a few pointers. But because, for purposes of comparison, national figures are converted into dollars fluctuations in exchange rates naturally have an important influence on the ranking. So do differential inflation rates, unless they are offset by exchange rate variations.

In third world countries there is little basis for the collection of statistics. One cannot record the transactions in a bazaar. For agriculture, where cash is in many cases not an economic instrument, government agencies are required to provide only rough estimates.

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SUPPORT FOR STABILITY

In the dramatic first days of the Russian military move into Afghanistan it was easy to pick on the vulnerability of the countries to the south and west that bordered the landlocked Afghanistan. In Iran the channels of government that ran from the Imam Khomeini's spiritual eminence were weak and confused where they existed at all. Anyone wanting to exploit political divisions could find fertile ground to work on. Pakistan's case seemed even worse with a frontier that was more alive, having been directly influenced by refugees crossing since the April 1978 revolution in Kabul. General Zia-ul-Haq's military rule had become more and more irksome. Could his government survive a threat from without, lacking mass support? The map-maker's geopolitical arrows almost inserted themselves.

Six weeks later things look less tense. Following the UN vote, Pakistan called its Islamic brothers to a conference and although the verdict was not a unanimous one and the sanctions, if any, will not be uniform, the backing given to the country will be reassuring. Now the promised American aid has been tied up during Mr Brzezinski's visit. This may fall far short of General Zia's wishes but the circumstances are not such as to call for long term engagements for military or economic aid. The purpose is to promote stability by evidence of support and that has been manifestly given.

There is, of course, the case made by those who argue that even the limited aid on offer will serve to bolster an increasingly unpopular government. It is not an argument that can be swept aside. It has cropped up many times before when aid and critical times have been extended to governments of questionable popularity. And the answer must always be the same: that on balance a government that pro-

poses to steer the country through the crisis must be helped in that task whatever faults it has. Pakistan has rarely enjoyed government that was not subject to strong criticism or all the retrospective popularity accorded to the late Mr Bhutto there are still angry memories of his illegal methods of government. Already there are those who detect signs that faced with the crisis in Afghanistan General Zia's leadership has its worth. He is not given to inappropriate Churchillian gestures nor to exacerbating divisions by ill-tempered moves. In the end the execution of Mr Bhutto is likely to overcome him, but he remains at present the de facto government, the only government Pakistan has.

Even if some limited degree of rallying to the centre persists and hardens, it is at the periphery that the risks are greatest. Neither the North-west Frontier province nor Baluchistan has had much taste for government of any kind, whether of General Zia's or Mr Bhutto's or for any of their predecessors. The NWFP is in the front line thanks to the refugees who have been flooding over. The frontier marked by the Durand line looks efficient on a map but does not exist in the minds of the tribespeople who straddle it; they can move freely from one side to the other in the territories that were unadministered in British days and cannot be directly controlled now. Yet Pakistan has lived with that situation for a long time. Is there reason to think that independent Pathans are any more now the carriers of Marxist infection than they were thirty or fifty years ago?

Baluchistan's instability admittedly can be less easily dismissed. It was military repression under Mr Bhutto's rule that spread bitter resentment and sent into exile in Afghanistan many hundreds of the Marri tribe.

Among them are said to be young whose higher education has since been furthered in the Soviet Union, with the expected political attachments of the kind that have reigned in Kabul of late. Batches of ardent young Marxists are always alarming but only likely to do great deeds when they have the backing of the armed forces—as they did have in Kabul in April, 1978, and as they certainly would not have in Pakistan. In the past two years General Zia has not done as much as many feel he needed to quieten Baluchi tempers but he has certainly acted prudently in soothing the worst suspicions. He should do more and may find that Baluchis—in the mass—are no more likely to welcome the kind of government they see in Kabul or to relish the accounts that will certainly reach them from Afghanistan of Russian occupying forces.

That leaves the other argument against limited but firm support for Pakistan: its effect on India. One answer is that the military help for Pakistan will be entirely defensive in aim. Another is that General Zia has shown himself to be careful over relations with India and there is no reason why he should now turn away from such an attitude. He certainly does not play the role of crusader that Mr Bhutto could relish. If Indian anxieties run to some of the wilder fears that have already been ventilated in the Indian press—American troops arriving to train Afghan rebels, for example—that must be accepted as natural. It is not Pakistan's difficult task to react to a global scale to the Soviet invasion of Afghanistan. It is to watch the points of risk on its own frontier and not to let them shake a firm stance backed by suitable political and military support. It is realistic to offer both kinds of support to General Zia's government, but without pretending to an enthusiasm which is not warranted.

The Soviet invasion of Afghanistan

From Mr Peers Carter
Sir, Ingenious arguments about pots and kettles and global strategy from Mr McKinnick (January 31) among others, and the controversy over participation in the Olympic Games, should not distract us from the central fact that the Afghan resistance, literally to the death, is a brutal military invasion and occupation of their country.

Their courage, religious faith and fierce spirit of independence deserve our deepest admiration and all the support, direct or indirect, that men of good will anywhere can give them.

Yours faithfully,
PEERS CARTER,
HM Ambassador to Afghanistan,
1988-72,
Holgate,
Balscombe,
Sussex,
January 31.

From Mr Eric Forth, MEP for Birmingham North (Conservative)
Sir, Ronald Butts otherwise well known, if misquoted, article, "The Soviet Invasion of Afghanistan" (January 31), ignores the response of the European Parliament to the Afghan crisis.

This is regrettable, but understandable, as so many commentators look only to the Commission and the Council of Ministers to assess the response of the EEC to current issues. I would remind Mr Butts and your readers that the European Parliament in its January session passed a resolution tabled by the British Conservative, the Christian Democrats, and the Liberals which condemned the armed invasion of Afghanistan as contrary to the UN Charter, called for an immediate withdrawal of Soviet troops, requested the Commission immediately to review all economic relations between the USSR and the EEC, especially in the field of high technology, agriculture and anti-dumping practices, and to report to the Council of Ministers. "It calls for action by the Council and the Foreign Ministers on the basis of that report. It calls on the International Olympic Games Committee to reconsider the holding of the Olympic Games in Moscow."

This is an example of several political groups from the nine countries of Europe combining to take a political initiative where individual governments (except Britain) and the other EEC institutions have appeared to be paralyzed. Yours faithfully,
ERIC FORTH,
40 Goldfields Road,
Sutton Coldfield,
West Midlands,
January 31.

Boycotting the Olympics

From Mr T. V. N. Fortescue
Sir, Suggestions for a permanent, extra-political home for the Olympic Games have focused on Greece; but would not Switzerland be an incomplete, permanent home to the modern games?

A strenuously upheld tradition of neutrality since the Confederation was founded well over a century ago; a worldwide reputation for efficiency in all things, notably the reception and accommodation of temporary visitors; a prosperity to make entirely feasible the construction of the necessary facilities; a geography which provides suitable conditions for every Olympic event; and a climate most favourable for all athletic endeavour.

When these advantages are seen in conjunction with the long history of Switzerland's welcome and hospitality to international organizations of all kinds, not least the International Olympic Committee, the choice of this unique country as today's equivalent of ancient Greece seems an obvious solution to a problem which becomes more complex for every Olympic.

While I am unimpressed as to the likely reaction of the Swiss to my suggestion, it would be out of character for an approach not to be given the most serious consideration. Yours faithfully,
TIM FORTESCUE,
24 Stamford Road, W8,
January 30.

Dissident and dissenter

From Mr Leszek Kolakowski
Sir, I was particularly pleased with the article "Parallel with the Warsaw case" by Patricia Clough (January 28). Professor King points out the striking similarity between his own and Andrei Sakharov's predicament (whether the author of the article shares this view is not quite clear).

The analogy is indeed impressive. As is well known, in *Pravda*, *Izvestiya*, and throughout the Soviet press, articles by Sakharov appear defending his cause and condemning the Government; he gives interviews on TV to state his case, makes speeches and lectures for huge audiences at the Moscow University, travels all over Europe; and in the mass media a debate is going on in which all Sakharov's defenders and critics voice their opinions. Sakharov's lecture to the Soviet regime are being sold in all bookshops of the Soviet Union and, in general, people have a lot of fun from watching the discussion.

On the other hand, it is also well known that Professor King, after having been confined to his flat and forbidden to see his family, has been recently expelled from his flat and forbidden to see his family, has been recently expelled from his flat and forbidden to see his family.

Yours sincerely,
LESZEK KOLAKOWSKI,
All Souls College,
Oxford,
January 28.

Trade unions and the rule of law

From Sir Ronald Bell, QC, MP
Sir, Some reading Lord Wedderburn of Charlton's confident assertion (February 4) that trade union law is clear as it emerges from recent decisions in the House of Lords, may be reminded of one of A.P.'s misleading cases in the Common Law.

In that celebrated case four law lords declared in turn that the law was clear, two one way and two the opposite way, and Lord Goff, with whom, therefore, the decision stood, said: "The law is clear, it is clear, and it is clear, so that no one ever knew which way the law was clear."

After Lord Wedderburn's letter we are no wiser about the law, though clear enough about Lord Wedderburn's political view. "Acts done in contemplation or furtherance of a trade dispute" is certainly a formula, but whether it is a "golden formula" as he thinks, or a formula for disaster as I think, is simply a matter of general judgment.

The formula, in any case, is the creature of statute and it is not clear to me why any drastic change should be made. If a trade dispute is now authoritatively interpreted to include a political campaign against the Government, and "in furtherance" includes any remote and preposterous connexion that strikes root in the fevered brain of any trade union leader, then a strong dose of what Lord Wedderburn would clearly regard as legislative iconoclasm is urgently needed.

I have the honour to be, Sir, Your devoted servant,
RONALD M. BELL,
House of Commons, SW1.

Primary maths teaching

From Dame Kathleen Ollerenshaw
Sir, As reported today (January 31), the Mathematics Development Primary Survey published yesterday by the Department of Education and Science states (on page 64), "The difference in performance between pupils in schools with less than 20 pupils per teacher and those in schools with 25.5 pupils per teacher and above was statistically significant in 12 of the 13 sub-categories (tested)." This should not cause as much surprise as is suggested.

In an international survey conducted during 1965-69 of the mathematical achievements at the age of 11 and in the present comparative study of 1976 (usually at 15), the Japanese were placed far ahead of all participating nations (regrettably, the USSR did not agree to take part). My curiosity aroused, I visited Japan in 1970 specifically to seek clues to this phenomenon. Japanese primary mathematics is taught in a way which is completely different from the way in which it is taught in this country. The whole ethos and emphasis on the importance of mathematics both among parents and the general public certainly contributes to the children's outstanding overall level of performance.

Harm of pornography

From Dr J. H. Court
Sir, I have now had the opportunity to read the Williams Committee report on obscenity and film censorship (*The Times*, November 29). Since a discussion of my own submissions to the committee occupies the longest part of the report, I wish to express my disappointment that the committee has misinterpreted my work and shown an inability to recognize the harm associated with the wide dissemination of pornography.

We agree that in any discussion of censorship, evidence regarding the harm caused by pornography should be examined closely. My research has shown that increased availability of pornography has been associated in many places with an increase in rape reports. Conversely, a restrictive policy on pornography has been associated with little or no increase in rape reports.

Readers of the Williams report would not know that this has been my position, since it set up a number of straw men and then proceeded to knock them down in spite of the superficial analysis of my work which suggests I was looking at crude measures of sex offences. My work has actually been much more precise. Although the reports primarily with England and Wales, my own work was worldwide in order to discern consistent trends. The report gives most attention to a mere half page of my submissions and fails to give due respect to the remaining 95 per cent.

Research evidence from other sources was reviewed by Mr M. Yaffe and published as an appendix to the report, but that review has omitted a number of serious recent studies which deserve attention and which have shifted the balance towards evidence for harm.

At the same time, credence is given by members of the committee to the Danish work of Dr Bert Kutchinsky which led to his conclusions. It was then possible to see that the conclusions did not flow from the evidence, and the report was rejected by the President and Senate.

In the Williams committee were to publish the written evidence in the same way, the outcome could well be the same. Without this we are faced with recommendations to follow in the steps of Denmark, while being denied the evidence for such a move. In Denmark, complete freedom for the written word, in 1967 was merely a precursor to freedom for pictorial material two years later.

I hope this report stirs a vigorous debate in Britain. I shall be preparing a lengthy response in the hope of ensuring that people may gain access to primary data, rather than rely on doubtful interpretation. Yours sincerely,
J. H. COURT,
Reader in Psychology,
School of Social Science,
Flinders University of South Australia,
Bedford Park, SA 5042, Australia.

Rights of passage

From Mr J. Parfitt
Sir, You declare in your issue of January 21 that "nuclear powered (submarine) boats are not allowed through the Suez Canal". Your choice of the passive voice should not be allowed to obscure the fact that this is a policy unilaterally imposed by the Egyptian Government in defiance of the Suez Canal Convention, and regrettably accepted last year by the British Government.

Disraeli and the "politicians who now wish to impose limitations upon the House of Lords" construction of their civil extensions by statute do so by overwhelming public demand evidenced by opinion polls taken before, during and, as you demonstrated so clearly, after the general election, when a mandate for those limitations was given equally clearly to the present Conservative Government.

Yours faithfully,
EDWARD GRAYSON,
4 Paper Buildings,
Temple, EC4.

From Mr Denis MacShane
Sir, In respect of legislation covering workers who are members of a trade union either we are to be governed by laws or by men. Lord Denning and the Appeal Court judges clearly have opted for the latter.

Yours faithfully,
DENIS MACSHANE,
29 Gloucester Crescent, NW1,
January 27.

From Mr Lionel Bloch
Sir, February 4 was certainly a red letter day for your correspondence columns. Lord Wedderburn of Charlton's assertion that the law is now widely recognized as the greatest threat to the economy and future of this country.

Professor Cairns attacks the Western capitalist system, and presents the case for a return to the USSR. Mr C. J. Walker is given pride of place to celebrate Soviet rule in Transcaucasia while Lord Ramsey of Canterbury condemns the invasion of Afghanistan, but appears to put it on the same moral level as the disappearance of one individual in Chile.

For light relief, Lady Oppenheimer questions the notion that God is masculine. Are these signs of our times? Yours faithfully,
LIONEL BLOCH,
9 Wimpole Street, W1.

I remember being shocked on my return home, when visiting a new five to seven infant school, to learn on enquiry that there was not a teacher's blackboard in the building and no classroom where children could at any time be seated at desks or tables all facing the teacher in front of the class—something, I am sure, which could not be thought possible in Japan. Does this not suggest that we should consider giving greater weight to the learning of mathematics from an early age?

Yours faithfully,
KATHLEEN OLLERENSHAW,
2 Pine Road,
Manchester,
January 31.

explosive and preliminary. Since then little new material has been published by him. Therefore, a serious point, which was raised by Kutchinsky's submission and my own is this:

Readers of the report with its evidence on which they were based, My own scientific work has been evaluated for the committee, at least in part, by Mr Stephen Brody, of the Home Office Research Unit. Since my evidence has a direct bearing on the stance taken by the Home Office to pornography in recent years, Mr Brody's views should be taken into account. Although his analysis of my work is faulty, superficial and tendentious, I am not surprised. I am informed that other witnesses are also incensed at the treatment they have received. Respectably readers of the report are compelled to accept the committee's interpretations of the evidence as if they were true. The United States commission produced its report in 1970 and published the evidence which led to its conclusions. It was then possible to see that the conclusions did not flow from the evidence, and the report was rejected by the President and Senate.

In the Williams committee were to publish the written evidence in the same way, the outcome could well be the same. Without this we are faced with recommendations to follow in the steps of Denmark, while being denied the evidence for such a move. In Denmark, complete freedom for the written word, in 1967 was merely a precursor to freedom for pictorial material two years later.

I hope this report stirs a vigorous debate in Britain. I shall be preparing a lengthy response in the hope of ensuring that people may gain access to primary data, rather than rely on doubtful interpretation. Yours sincerely,
J. H. COURT,
Reader in Psychology,
School of Social Science,
Flinders University of South Australia,
Bedford Park, SA 5042, Australia.

It is time that the Royal Navy asserted its undoubted rights, and sent a nuclear powered vessel through the canal before last year's precedent becomes accepted practice for ever.

Otherwise we may face demands one day that Her Majesty's ships should be towed (or, as the Serbs would have it, pulled) through the Canal. Yours faithfully,
JOHN PARFITT,
86 Higher Drive,
Tisbury.

An English grave in Naples

From the Principal of Somerville College, Oxford
Sir, HM Consul-General, Naples, assured me by telephone yesterday that the Municipality of Naples is being most cooperative and eager to respect the ancient and moral remains of famous British people, such as Mrs Mary Somerville, buried in the cemetery.

The part of Naples including the old cemetery, discussed since 1891 as 1892, is, I understand, among the most overpopulated in the world, so that all space is very badly needed. Miss Edith Clay tells me that the Comune of Naples is buying the cemetery site, will convert it into a public garden, and will leave in situ some tombs as are capable of restoration. Bones from the other graves will be moved to a common grave in the New Protestant Cemetery, unless representations are made to the Consulate General and the expense of removal to a separate grave is met.

Mary Somerville (1780-1872), described in one of the many obituary notices that appeared after her death in Naples as "the Queen of Nineteenth-Century Science", spent the last third of her long life in Italy, where she was greatly loved and respected, and accorded honours by many learned Italian Societies. Yours faithfully,
BARBARA CRAIG,
Somerville College,
Oxford,
February 1.

Cigarette advertising

From Sir Douglas Black and Professor J. G. Robson
Sir, The Government will shortly be negotiating the voluntary agreement it has with the tobacco industry on such matters as cigarette warnings and sales promotion, which comes up for review in March 1980.

During the three years of the present agreement some 150,000 men and women have, according to the Department of Health's estimate, died prematurely as the result of cigarette smoking. At this rate at least a million more will die from this cause before the end of the century unless cigarette sales are somehow controlled, especially among children, whose present high rate of smoking presents a sad prospect for the next half century.

The Governments of Norway and Finland have adopted comprehensive policies to reduce cigarette smoking including phasing out of advertising and promotion and these are already beginning to show valuable effects, especially among the young. The Government of Norway have failed to take any such action in our country where the death rate from smoking-related diseases is one of the highest in the world.

Cigarette smoking today is the most important cause of preventable death and disease in the UK. We urge the Government to take vigorous measures, including necessary legislation, to prevent the tobacco manufacturers from promoting their wares in persuasive ways which undermine the impact of health education on the behaviour of both children and adults.

Yours faithfully,
DOUGLAS BLACK,
Chairman,
J. G. ROBSON,
Honorary Secretary,
Conference of Medical Royal Colleges and their Faculties in the UK,
Royal Postgraduate Medical School,
Ducane Road, W12,
January 25.

Calling the tune

From Mr Martin Jones
Sir, I write on behalf of the Philharmonia Orchestra in response to the review by Paul Griffiths on January 29 of a concert in the Royal Festival Hall the previous evening. I take exception to his remarks concerning the performance of "Tune" by John Wallace. He says "no doubt his inclusion was also helped by the fact that Mr Wallace had been Principal Trumpeter in the Philharmonia Orchestra for otherwise his claims could hardly be taken seriously."

The decision to perform the Wallace work, rather than one of four other contemporary pieces considered, was taken by the Council of the Orchestra in consultation with Vernon Handley, who had recommended it.

Naturally, we were pleased to give an opportunity to one of the composers in the Orchestra, but the choice was made first and foremost on the musical merits of the piece, and we believe it was the right decision. Until he was informed of the choice, John Wallace was not even aware that his piece had been considered.

"Tune" certainly succeeded in its aim of pleasing the audience, even if it did not please Mr Griffiths. Yours faithfully,
MARTIN JONES,
Chairman,
Philharmonia Orchestra,
12 de Warden Court,
85 New Cavendish Street, W1,
January 29.

Slanging match

From Mr J. A. Cullen
Sir, Cassell's decision, following protests from Mr Sholimoivitz, to expunge the derogatory definition of "jew" as "a user, an extortionate tradesman", etc. from the latest editions of their English Dictionary may well be a defense for linguistic integrity, as Bernard Levin asserts (January 29); but it is not also inconsistent with their recognition of the following definition of a Greek: "a cheat" or "a trick fellow, a knave, a cheat".

Did Mr Sholimoivitz make any representations in the second case? Or did he decide that Greeks must fight their own battles? Yours faithfully,
J. A. CULLEN,
18 Twyford Avenue, W3,
January 31.

THE COURAGE OF CZECH MODERATION

The Czechs are widely thought of as people who adapt too easily to the various humiliations that have come their way from the defeat of the Protestants in 1620 to the Munich agreement of 1938, the Nazi occupation, the Stalinism of the 1950s, and the Soviet occupation of 1968. In the debate on the relative merits of survival and resistance they are help up against the Poles, who so often fought and died for their defeats. The damage to Poland was physical, the damage to Czechoslovakia spiritual; it is not for outsiders to pass easy judgments. But at least in Czechoslovakia today some small sparks of resistance lighten the gloom imposed by the misnamed policy of "normalization" conducted since 1969 by Dr Husak under the protection of Soviet guns. Charter 77, and its offshoot VONS (the Committee for the Defence of the Unjustly Prosecuted) survive in spite of steady harassment and the imprisonment of leading members.

The Charter 77 association has just issued a new statement which we carry in part on another page in its first manifesto in January, 1977, it described itself as "a loose, informal and open association of people of various shades of opinion, faith and professions united by the will to strive individually and collectively for the respecting of civil and human rights. . . . (It) is not an organization; it has no rules, permanent bodies or formal membership. It embraces everyone who agrees with its ideas and participates in its work. It does not form the basis for any oppositional political

activity. . . . It does not aim to set out its own platform of political or social reform or change . . . but within its own field of impact to conduct a constructive dialogue with the political and state authorities. . . ."

The significance of the Charter was that it marked the first sign of serious organized activity by people other than the reformist communists of the ousted Dubcek regime. Until then it was largely these communists who led the opposition to "normalization", who had appealed to western communist parties, written leaflets, gone to prison, and kept alive hope of a return, perhaps even with Soviet consent, to a modified version of the Dubcek period. By 1976 these hopes had largely faded.

The Russians, after showing a few flickers of interest, seemed to have abandoned the cause fully to Dr Husak, and the few activists who the reformists may have had within the Czechoslovak party had been removed, deprived of influence or converted to acquiescence. It was time to look for new approaches and these seemed to open up when Czechoslovakia signed the international covenants on civil, political, economic, social and cultural rights. If the party could not be reformed from within perhaps it could be pressed from the outside to show more respect for its own laws and international obligations. Perhaps it could even be persuaded to "conduct a constructive dialogue" on the subject. After all, it was surely not illegal to press for observance of a law.

Today's Charter 77 document is older and wiser by three years. No longer is there any mention of a dialogue. The authorities chose

to regard the scrupulously legal activities of the association as illegal and subversive. The mere collation of what are supposed to be public documents on what are supposed to be public trials has brought down stiff prison sentences on members of VONS such as Vaclav Havel, Czechoslovakia's best-known playwright, and Jiri Dienstbier, a gifted journalist. To continue to seek dialogue would be unrealistic.

On the other hand the majority of members of Charter 77 have resisted the temptation to move into the more direct political opposition which some regarded as a logical response. The new document remains true to the original aim of not offering a political platform, an alternative programme, or indeed any direct opposition to the state. This is its strength for it thereby keeps the loyalty of ex-communists, reformist communists, Christians, liberal democrats, and different shades of socialists who can unite only on a common commitment to basic civil and political rights.

The aims of Charter 77 are therefore minimal: "We are more clearly aware that even a small space won for independent and free activity is a space for genuine life. But they are also universal: "Charter 77 stands up for the right of every human being to a free life in accordance with his or her conscience". The Charter's aims, as it rightly says, are essentially moral and rooted in the cultural traditions of Europe. But in a state such as Czechoslovakia today this cannot fail to represent a political stance if only because it is impossible to imagine the ideals of Charter 77 being even minimally respected under the present political system.

Deaths in police custody

From Mr Michael Meacher, MP for Oldham, West (Labour)
Sir, Dr Maclean (January 31) is right to call attention to the unsatisfactory situation faced by the police in having to deal with large numbers of drunken persons in police station cells, especially on Friday and Saturday nights. Quite a high proportion of the 245 persons who, according to Home Office statistics, have met their death in police custody in England and Wales in the last 91 years fall into this category. But the main point is surely that they should not have been taken to police stations in the first place.

What is needed instead is the widespread provision of detoxification centres. Following the Home Office's 1971 report *Habitual Drunken Offenders*, hospital-based centres were opened in Edinburgh in 1973 and Manchester in 1977, and a community-based centre was opened in Leeds in 1976. That is all, and even the Leeds centre is threatened with closure in March.

Yet these centres have proved their worth overwhelmingly. They should now therefore be extended across the country, and in order to free the police of an unpleasant role for which they are not well suited and also to provide the medical and social care that purely custodial care in future that should aim to be, and as a matter of normal procedure are, taken to

detoxification centres and not police station cells.

However, none of this means that in giving the impression that there is nothing whatever to worry about on the police side either, I have just obtained from the Police Complaints Board the figures for 1978 of the number of complaints against the police alleging assault, in each of the 44 police forces in England and Wales.

What is particularly striking is that those forces with a very high number of complaints of assault are also those with a high number of deaths in custody over the period 1970-79. For example, whilst Cumbria had 7 complaints only and 1 death in custody, neighbouring Northumbria had 87 complaints and 6 deaths in custody.

The Metropolitan area had 513 complaints and 102 deaths in custody, the West Midlands had 208 complaints and 11 deaths. Greater Manchester had 173 complaints and 11 deaths, West Yorkshire had 137 complaints and 14 deaths, and Merseyside had 119 complaints and 14 deaths. Is there really no connexion between complaints of police assault and deaths in custody?

If Mr Jardine is so sure all is well and that there is nothing to hide, why is he so anxious to disguise in advance a full and proper public inquiry as a "mammoth fishing expedition"? Yours sincerely,
MICHAEL MEACHER,
House of Commons,
February 2.

The price of gas

From Mr M. V. Posner
Sir, Mr Marsh makes a fair point in his letter (January 28). It is hard to find a way of using the social services to help those poor families hit by sharp rises in some basic prices. However, if Mr Marsh and I could agree on how much money to spend, I am sure we could find ways of doing the job that were not too silly.

The same could not be said if we used the fuel industries for this purpose. I concede that all big business—public, private, or mixed—must bear in mind the problems imposed on society by their commercial operations. But "inverted tariffs"—the less you use, the smaller the price per unit—make economic nonsense, whether for gas or electricity. Should I pay a lower price per unit for the heater I use for one peak hour a day than a working-class family pays for the continuous gas or electric system to which it is committed by virtue of the equipment the landlord installed several years ago?

The connexion between patterns of fuel purchases and poverty is too weak a lever to overturn the basic proposition that fuel prices should reflect production costs and market pressures. If we tried to use the energy industries as branches of the social security system they would perform inefficiently in both their primary and their secondary roles.

Yours faithfully,
MICHAEL POSNER,
Pembroke College,
Cambridge.

THE TIMES

BUSINESS NEWS

مكرا من الاصل

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Stock markets
FT Index 445.7 down 2.1
FT Gilt 65.81 down 0.64

Sterling
\$2.2855 up 1.15 cents
Index 72.3 up 0.3

Dollar
Index 85.2 unchanged

Gold
\$667 down 10.5

Money
3 mth sterling 17 1/2 to 17 3/4
3 mth Euro-\$ 14 1/2 to 14 3/4
6 mth Euro-\$ 14 1/2 to 14 3/4

IN BRIEF

MPs still seek tough limits on US fibres

EEC backing for measures to curb American synthetic fibre imports into Britain is likely to be sought in Brussels today if, as expected, the Council of Ministers rejects the case for Community-wide curbs.

Trade ministers were completing proposed quotas against a background of a rising clamour by MPs for swift and tough action.

Mr Barry Jones, Labour MP for Flint, East, said that "devastating damage" had been caused by the cheap American imports. About 500 jobs at a Deeside mill in Flint depended upon urgent action being taken.

Fibre manufacturers, including ICI and Courtauld, have announced several thousand redundancies in the past 12 months.

Highland pulp mill

Final studies are to start on a £100m project to produce newspaper from Scottish timber at the Wiggins Teape mill at Fort William. The plant, a joint venture with Consolidated Bathurst Inc of Montreal, would replace the chemical pulp mill at Fort William, which is due to close next year, and the 900 workforce redundant.

Bulgaria deal

ICI has signed a protocol covering technical cooperation with Bulgaria. Projects under consideration include a polypropylene film plant, now being discussed by ICI, and a British contractor, working under licence from ICI.

Gilmore liquidation

Gilmore and Partners (Switzerland), the London-based company which was put into voluntary liquidation after it collapsed in early December with debts totalling £1,500,000, has been compulsorily wound up in the High Court. Opposing creditors are to apply to the Official Receiver for the appointment of a special manager to provide continuity of the company's business.

Rowntree cutback

Many of the 14,000 workers at Rowntree's Macintosh are facing redundancies, reduced working hours and a ban on overtime because of disaster raw materials and falling demand. At the Halifax factory 3,500 will be on a four-day week from next Monday.

Louhro profits down

Mr Roland "Toby" Rowland's Louhro group saw pre-tax profits tumble from £93.6m to £84m in the year to September 30. This was in spite of a leap from £9.6m to £31m in profits from mining and refining as a result of soaring gold and platinum prices.

Poland sells Toyotas

Poland has become the first eastern block country to sell Japanese automobiles on its domestic market. The Japanese cars—Toyota Corollas and Mazdas—will only be sold for "hard" western currency, with a 1,300cc engine selling for \$4,910 (£2,144) and a Mazda with the same capacity engine for \$4,530.

Telecom sector to carry Post Office pension fund £1,250m debt

By Patricia Tisdall

Management Correspondent

The profitable telecommunications business of the Post Office is to carry the burden of a £1,250m deficit in the Post Office staff pension fund. An arrangement has been found enabling the debt to be paid by instalments.

The huge deficit, incurred before the Post Office was given commercial status in 1969, is to be borne by the new telecommunications organisation after this has been split from the postal and Giro service.

It means that from the outset the new telecommunications corporation must find heavy monthly interest charges and eventually repay the debt. The deficiency, which resulted partly from a mistake in the national valuation of inherited assets when the Post Office Corporation was formed, has long been a bone of contention. The Post Office, its users' consumer group and the unions maintained that the shortfall should be made good by the Government while the Government stand has been that users should pay the costs.

The eventual solution has been to set up a deed of covenant under which repayment of the principal is deferred until 1985-86. However, the arrangement also provides for interest payments to be paid monthly to the trustees of the Post Office Staff Superannuation Fund.

Interest is calculated on the basis of funding the £1,250m liability over 14 years at an interest rate equivalent to 14 1/2 per cent a year.

Mr Charles Beauchamp, the Post Office director responsible for finance and corporate planning, has told a select committee of MPs that responsibility for both the interest charges and the principal will pass to the new telecommunications corporation.

He said the arrangement enabling the debt to be paid by instalments and could save the user the equivalent of 1p on postage and about 4p on telephone calls.

The Post Office's response was that the more profitable telecommunications service—

which last year recorded a surplus of £347m—was better equipped to carry the cost than the postal business.

By paying interest charges only the Post Office has been able to cut its annual pension deficiency contributions by more than half.

A suggestion of the Carter Review Committee was that part of the pension fund's investments could be fixed term loans to the Post Office itself. This, it felt, could help the Post Office and make the fund more manageable.

In its report the committee described the fund as a "confused and sorry story" where "it is very much stranger than fiction" to recommend abandoning the "hopeless" task of making up the deficiency and accepting the principle that users in each year pay the pensions attributable to the workforce of that year.

As a result of the recommendation the pension fund was able to cover part of the cash flow deficit caused by the holdup in telephone bill payments last year.

The Treasury gave permission for £50m from the pension fund to be lent to the corporation by issuing a special six-month debenture. At the time Mr Fred Davis, the funds secretary, asserted that this was a "short-term tactic" rather than a general strategy.

However, it is understood that agreement in principle was reached with the previous Government for the Post Office to create a new interest-bearing security. This would enable the pension fund to hold a stake in the corporation's loan capital and could provide a way of paying off the deficit.

The proposal was regarded as highly controversial because public companies and co-operatives are strictly restricted in using employees' pension funds as a form of self-investment.

The loan plan is still being discussed. Certainly the pension fund managers are still acutely sensitive about their relationship with their parent and regard last year's £50m loan as a special case.

Small investors likely to complete BP shares offer

By Michael Prest

British Petroleum's £290m share offer to woo small investors reaches its final stage tomorrow when successful subscribers who wish to complete their share purchases have to pay the outstanding 213p a share. Most subscribers are expected to take up their rights.

The offer, made last November, was 80 million shares at 365p, 150p of which was payable immediately. It was payable immediately, in spite of considerable publicity, the issue was only about one and a half times oversubscribed. But investors who asked for 1,100 shares or less were given all they wanted.

Since then, they have experienced some of the joys of the stock market, perhaps more familiar to bigger investors. The price of the

partly-paid shares fell to 128p at one stage, and rose to a high of 180p. They closed yesterday at 150p, compared with 350p for the old fully-paid shares.

Some small investors lost heart, and their shares were stepped up by institutions which wanted to weight their portfolios away from the other oil majors. But with BP's 1979 net income likely to exceed comfortably the previous year's £444m, it is thought in the City that most shareholders will not be put off by the fact that the trading price for the shares will be almost the same as the offer price.

At 350p the shares yield 5.6 per cent. The shares will trade all paid until the end of the present account. People who do not pay the second instalment lose their rights.

Retail sales downturn

By John Whitmore

Retail sales in December were lower than the provisional estimate released on January 14, but suggest the final seasonally adjusted index of the volume of retail sales for the month stands at 112.4, down 1.2 points on the revised final figure for November.

Although both the November and December figures were well up on other months since the June Budget, the overall level of sales for the final quarter of the year was about 1 per cent down on the average monthly figure from April to September. Sales for the full year were about 3 per cent

below the annual average for 1978.

The main advance during 1979 was made by durable goods. Sales rose by 5 per cent, partly because of the pre-VAT increase spending spree in June; food, clothing and footwear shops had a 2 per cent rise.

Although the volume of retail sales was down for the whole year, total lending by finance houses, other specialist consumer credit granters and retailers rose by 21 per cent during the year, but new credit extended in December was lower than in recent months.

Retail sales tables page 22

GEC outbids Racal with £82.5m offer for Decca but offer raises monopoly question

By Andrew Goodrick-Clarke

Financial Editor

Racal remained silent after General Electric Company yesterday delivered its £82.5m cash counter bid for Decca. There are apparently no plans for the takeover of Racal, which has a £65m equity bid for Decca on the table, to meet this week.

Attention now turns to the Office of Fair Trading and whether Mr Gordon Barrie, its Director General, will recommend to Mr John Nott, the Secretary of State for Trade, that GEC's intervention warrants reference to the Monopolies Commission.

Clearly, an amalgamation of GEC's Marconi interests and those of Decca represents a technical domestic monopoly in defence electronics, but whether the minister will feel that it operates against the public interest for Britain to develop stronger units to compete internationally is another matter.

A quick decision from Mr Barrie's office seems likely.

Racal is not due to send out its official offer document until February 15—and may not make any response to GEC's bid until next week.

GEC's offer is 500p for each Decca ordinary share and 400p for each "A" non-voting share. This is in cash, although there will be an alternative to overcome capital gains tax liability by Decca shareholders of convertible unsecured loan stock.

There are also cash offers for Decca's preference capital. GEC points out that it has a long association with Decca and that both have complementary ranges of equipment. A combination, GEC argues, would lead to a substantial expansion of business, particularly overseas.

Racal must now decide whether to adjust its terms both to meet GEC or better it and to meet the advantage of GEC's cash offer. This means

that Racal will either have to offer Decca shareholders a mixture of equity and cash or to arrange underwriting of its shares in the offer.

Institutions could be wary of doing this. Recently, when Thorn arranged underwriting of its offer for EMI, shareholders opted for the cash and left the underwriters with large lines of Thorn stock.

The stockmarket, meanwhile, hedged its bets. Racal's shares shaded by 4p to 220p, given the strain they may have to take. Decca, back from suspension, ended at 487p for the ordinary and 384p for the "A", below the GEC terms but reflecting the chances of a monopoly reference.

Ferranti, which some suggest will be the next bid target, gained 20p to 490p, while Plessey, which is considered to be the long-term prize, held steady at 131p.

Financial Editor, page 19

Debenhams sets up £20m credit company

By Ronald Pullen

Banking Correspondent

Debenhams has set up a £20m finance company to handle the growing proportion of its retail sales that are made on credit.

Debenhams will hold 10 per cent of the equity of the new company, Welbeck Finance, and the other shareholders, who have put up only nominal amounts of capital, are Life-guard Assurance, three merchant banking groups—Rochester, Samuel Montagu and Childhouse, and stockbrokers W. Greenwell.

Initially Welbeck will take over the credit operations of the parent company through Debenhams Finance, which has grown from £55m in 1977 to almost £100m and now accounts for 17 1/2 per cent of the group's turnover and as much as 25 per cent of sales in the 74 department stores. These include Henry Nichols and Swan and Edgar in London, and Browns of Chester.

The intention is that Welbeck will build on Debenhams' expertise in the credit field and develop as an independent company, handling the credit business of other retail stores.

Around 10-15 per cent of retail sales are made on credit in this country compared with up to 50 per cent in the United States. Debenhams' credit business, which is a small part of the balance needed to its credit operations will come from a £65m acceptance facility from Rothschild and a £20m overdraft from Lloyds Bank.

Part of the reason for the move was the pressure on Debenhams' balance sheet, where borrowings have risen sharply to fund its mounting credit sales, and the Welbeck move will take £20m off overall debt.

Debenhams, with an indifferent profits record, Mr Robert Thornton, chairman-designate of Debenhams, has been selling some of the peripheral interests in recent months including the Caters supermarket chain, the Greys photographic business, the Cresta women's shops and the external New Dimension stores are also about to go, although it has so far stopped short of selling Harvey Nichols.

Financial Editor, page 19

Oil surpluses likely to be harder to recycle than in 1974, Bank of England chief says

By Caroline Atkinson

Recycling oil surpluses may well prove more difficult after the latest oil price rise than it did in 1974, according to Mr Gordon Richardson, Governor of the Bank of England.

Mr Richardson, who was speaking yesterday at the annual dinner of the Overseas Bankers Club, outlined the problems for the banking system which he said were bound to arise with the need to recycle the huge oil surpluses expected this year and in the future.

He also appeared to criticise America's financial measures against Iran, and implied that both the Presidential freeze of official Iranian assets and the declaration of default by Chase Manhattan Bank on an Iranian syndicated loan had had unfortunate repercussions on the banking system at a time when it was needed to undertake an enormous recycling role.

Herr Karl Otto Pöhl, president of the German central bank, echoed some of Mr Richardson's concern over the present economic and financial outlook. He said at the dinner that the growing indebtedness of some countries, the huge investment surpluses of the Organisation for Economic Co-operation and Development, and the possibility of oil shortages in the future, threatened the stability of the world's political, economic and monetary system.

One problem was that many of the countries which were liable to run into balance of payments problems because of the recent oil price rises already had large debts outstanding.

This was likely to reduce the willingness of banks to lead more, increasing their international exposure. A new problem was that many international banks had been constrained, by pressure on their internal ratios of assets to deposits, to deposit funds in domestic banks.

There had been reports of their unwillingness to accept new deposits from oil-rich countries.

Another problem was that the oil surpluses might persist longer this time than they did in 1974. Herr Pöhl said that Opec countries might decide to keep back more oil rather than sell it and then be forced to invest in financial assets whose value would be eroded by inflation.

Mr Richardson outlined several points which he suggested could ease the recycling problem. Both he and Herr Pöhl stressed the importance of the International Monetary Fund's resources were much too small to allow it to take on the main burden of redistributing money between countries with a surplus and those with a deficit.

But the IMF now had a lot of money available for lending—about \$40,000m (£17,620m) according to Herr Pöhl—and its lending capacity would be increased by \$20,000m with the latest increase in quotas. The IMF could help the private banking system, by imposing economic conditions on borrowing countries. These would reduce the risk for private banks.

Mr Richardson said the IMF should look at new ways of raising money for lending to countries in deficit. The fund could also act as an intermediary between the banks and countries seeking loans.

Prudent tightening by banks should be continued, according to Mr Richardson. A reinforcement of the soundness of the international banking system would help to provide a secure basis for growth in its financing capacity.

The recent tendency of loan spreads to widen was also a good thing. This could help to ease banks' internal constraints on expansion by boosting profits from international business and could encourage more banks to enter the international loans market. There should also be bigger differentials between high and low risk loans.

New techniques for lending, including a reform of the syndicated loan agreements, were needed urgently. The existing procedures for syndicated medium term credits had been strained by the Chase declaration of default.

The reference to the American freeze of assets came with a reminder that banking relationships rested on a foundation of confidence, which had been shaken by recent, essentially political events.

Herr Pöhl said that the Deutsche mark could replace the dollar as the world's main reserve currency, although Germany reluctantly had had to accept an increase in the role of the mark. He called for vigour in the battle against inflation, particularly in the United States. He also called for action to find alternative sources of energy and oil conservation. The need to reduce dependence on imported oil was the main challenge of the 1980s.

The alternative to this was a global recession, if not a world slump, accompanied by high rates of inflation.

IMF to negotiate on substitution account

The IMF said in Washington yesterday it is hoping to negotiate with major nations on a plan to stabilise money markets by absorbing some of the excess dollars in the world.

Mr Walter O. Haubert, the IMF treasurer, suggested that a so-called substitution account, permitting 135 member

countries to swap dollars for a new reserve asset could involve some \$20,000m (£8,810m) in the initial phase, although no definite figure has yet been agreed upon by negotiators.

Mr Haubert disclosed that the new asset, which would be denominated in special drawing rights, would pay a higher

interest rate than the present SDR and would be more freely usable.

The implication is that the new asset might eventually be used by consumers to buy and sell goods and services. For the moment, SDRs are used only by central banks.

Jobbers pessimistic on foreign deals ruling

By Peter Wainwright

Jobbers will probably be disappointed with the outcome of today's debate of the 46-member Stock Exchange Council led by Nicholas Goodison about restrictions on winning business overseas in the aftermath of the abolition of exchange controls.

Jobbers are allowed to deal on the Stock Exchange only with member firms. They are not allowed to act as agents, just as stockbrokers are forbidden to act as principals.

For six years, there have been demands for jobbers to be given greater access to foreign institutions. In international markets the double role is usual.

These demands have, however, met with resistance from brokers with international business. Today's debate comes after a heated three-hour discussion on December 4 when the Council could in theory agree only to "closer contact between jobbers and registered non members market makers."



Mr Nicholas Goodison, Council Chairman

This was described simply as the "preferred route", and the Council decided that it would next consider the implications of following this route.

The Council duly asked the Committee for Commissions and Dealings to draft amendments to the rules on the basis of which the Council can come to a decision.

This was to see if a register of approved market makers, such as licensed dealers with whom the jobbers could buy and sell could be set up outside the Stock Exchange.

There appears to have been difficulty in compiling such a list, and little enthusiasm among some members. The list was to consist only of reputable institutions, and presumably exclude those already deemed to be customers of brokers with international business.

It will probably be as much as two years before the Stock Exchange will have to defend its rules before the Restrictive Practices Court. The Court will probably take a year to reach its conclusions, and possibly grant six months or more grace for members to adapt.

Airfix offer refused

The sit-in by workers at the Airfix Industries' Meccano and Dinky Toys factory in Liverpool is to continue. About 500 of the sacked workers, who have been occupying the plant for 10 weeks, also turned down a revised redundancy pay offer.

PRICE CHANGES

Rises

Control Secs 3p to 41p
Decca 92p to 487p
East Daga 60c to 185c
Ferranti 20p to 490p
Grosvonts 15c to 645c

Falls

Anderson Strath 6p to 61p
Broken Hill 15p to 640p
Camellia Inv 10p to 355p
Hampton Gold 13p to 307p
Hill C Bristol 15p to 53p

Howard Mach

2p to 23p
Lynco 27p to 440p
Martindale 2p to 25p
May & Bassell 7p to 80p
Nthgate Explor 15p to 550p

Hunting Gibson

10p to 295p
Marinev 3p to 36p
Mount Lyall 9p to 129p
Paterson R 8p to 25p

THE POUND

	Bank buys	Bank sells		Bank buys	Bank sells
Australia \$	2.71	2.04	Netherlands Gld	4.57	4.34
Austria Sch	30.00	28.00	Norway Kr	11.55	11.05
Belgium Fr	68.25	64.75	Portugal Esc	11.55	11.05
Canada \$	2.68	2.61	South Africa R	1.95	1.89
Denmark Kr	12.87	12.32	Spain Ptas	156.50	149.50
Finland Mk	8.76	8.36	Switzerland Fr	9.88	9.40
France Fr	9.58	9.18	USA \$	3.40	3.08
Germany DM	4.15	3.93	Yugoslav Dnr	51.50	47.50
Greece Dr	95.00	10.80			
Hongkong \$	11.40	1.06			
Ireland £	1980.00	1890.00			
Italy Lira	570.00	545.00			
Japan Yen					

Plan for London base would be too expensive, trade minister says

No State aid for world commodities centre

Financial help towards establishing London as a world commodities centre has been refused by the Government.

Mr Cecil Parkinson, Minister of State for Trade, has written to the executive heads of all commodity organizations in London, and to Mr David Knox, Conservative MP for Leek, who is chairman of the World Commodity Centre campaign committee, announcing the decision.

Mr Knox last night described the decision as "short-sighted and very disappointing." But he added: "I believe the door is still slightly open, and I would hope the committee will continue to press the case for the centre."

"I hope this is not the end of the road, but we are losing time."

Mr Parkinson said that after the campaign committee sugges-

ted in June last year that the centre should be jointly financed by the Government and the City, a detailed assessment was carried out in consultation with the City interests concerned and with the staffs of the international commodity organizations. But the estimate of capital costs had now increased to at least £20m.

He added that the rental income earned by the centre would be unlikely to cover its annual operating costs. Government support would be needed on a much larger scale than originally envisaged.

"We might in happier times have been able to explore together other possible schemes which would have involved less of a call on public funds," the Minister wrote.

The general economic situation is, however, one in which, having made one round of cuts

in public expenditure last year, we are forced to consider yet further reductions, many of which will inevitably be in sensitive areas.

"I am afraid that we have regretfully had to conclude that, in such circumstances, we cannot commit public money to a project for a world commodities centre."

The scheme already had the backing of the City which was prepared to match any government support. It is thought that between the Government and the City, around 20-30 per cent of the £20m would have been covered, enough to get the centre under way.

The committee feels the Government's decision is a major blow, particularly as the Labour Government, in principle, agreed to back the project.

Wallace Jackson



Mr David Knox: led campaign to promote the centre.

LONGTON

INDUSTRIAL HOLDINGS LIMITED

(Previously Longton Transport (Holdings) Limited)

INTERIM REPORT (UNAUDITED)

	Half year ended 30.9.78	Half year ended 30.9.79	Year ended 31.3.79
Turnover	£'000 20,407	£'000 18,641	£'000 34,204
Profit before taxation	942	824	1,654
Profit after taxation	738	545	1,511
Interim dividend per share	1.4p	1.25p	5.0p

*Includes the 0.5p special dividend

All divisions in the Group showed increased profits in the half year to 30th September, 1979 as compared with the same period for the previous year. This improvement has been maintained during the last quarter of the calendar year 1979.

Provided the Group is not adversely affected by events beyond our control an improvement in trading results as compared with the previous financial year can be expected.



Shipping export credit terms ease

The Organization for Economic Cooperation and Development has released full details of the revised "understanding on export credits for ships" which became effective on December 1, 1979.

The main changes from the previous understanding in 1975 concern the minimum downpayment—lowered to 20 per cent from 30 per cent—and the maximum duration of credit, which rises to 8.5 years from 7. Participants considered that although the previous minimum interest rate of 8 per cent net of all charges, should remain the rule, they agreed that "some flexibility may be necessary to take into account existing practices within the European Economic Community".

Japan-Iran project

Mr Elmel Yamashita, president of Japan's Iran Chemical Development Co., has reached a basic agreement with Iranian Government officials in Tehran on continuing the 730,000-tonne (£1,330.4m) project in Bandar Khomeini which was halted in March, 1979, because of the political unrest.

Italian wages rise

Italy's automatic wage escalator rose eight points in the quarter ended in January, compared to six points in 1979. The rise adds 19,112 lire (£10.69) a month to February wages. The escalator grants automatic pay rises to help workers keep up with the cost of living.

General Motors' rebate

General Motors is offering a \$500 (£218) rebate designed to clear the inventory of remaining 1979 models of 50,000 cars and station wagons and 25,000 vans. The credit incentive could cost General Motors about \$37.5m (£16.3m).

Volvo pulls out

Volvo has just announced its 244 GL passenger car in Singapore by the end of 1980 after last year's government decision to withdraw preferential treatment for locally assembled cars from August 1980.

Shell chief predicts economics will push mines into new prominence Coal 'key energy source' for future

A leading executive in the oil industry predicted yesterday that coal will be the key energy source for many years to come. He estimated that by the end of the century, western Europe could be importing as much as 350 million tonnes a year.

Mr Peter Bazendell, chairman of Shell Transport and Trading, said coal was potentially a highly versatile source of energy and feedstocks. "It is destined by sheer necessity to take the place of oil as the 'swing' fuel for the remaining part of this century and possibly beyond."

(Oil is the present "swing" or "balancing" fuel. Its flexibility of marketing and supply allows it to be easily taken up or cut back according to demand.)

Economics and politics were pushing coal on to the energy stage, and it was essentially cheap and available balancing part in developing coal technology, he said.

World oil availability is on a plateau. "It is no longer the universal balancing fuel that it has been for so long," he said.

Shell is in the forefront of coal conversion technology. It recently announced plans to build a 1,000-tonnes-a-day coal gasification plant in the Netherlands. The £70m plant will operate in conjunction with a combined-cycle power station, using both gas and steam turbines. The station is expected to come on stream in December, 1983.

Mr Bazendell, who is also a group managing director of Royal Dutch Shell, said that coal gasification was only a starting point for further synthesis of ammonia, methanol and liquid hydrocarbons.

He disclosed that Shell companies were engaged in various coal-related research programmes, including work on coal slurry pipelines, technology for treating

and using slurry pipelines, reducing the pollution potential of low-grade, high-sulphur coals and recovering coal from waste material.

Speaking to the Coal Industry Society in London, Mr Bazendell said EEC coal production could be expected to increase over the next 20 years by only 50 million tonnes, giving a total output in the year 2000 of 250 million tonnes.

To meet the shortfall, anything between 150 and 350 million tonnes of coal would have to be imported.

Development of a new, international coal industry involved investment on a huge scale, he said.

Here, the experience of the oil companies in handling the financial, political and physical complexities of mounting large-scale international projects would be of considerable value.

John Huxley

Fibre optics 'village' test urged

Technology News

The Post Office Engineering Union has endorsed the recommendation made last year by the National Economic Development Council's electronic components sector working party that the Government should provide up to £40m towards the development of optoelectronics.

In a report on optical fibre technology published yesterday, the union says the Government should go further than this. It should sponsor an experiment in which a small community would be "wired up" with optical fibre cable so that subscribers could receive a new range of telecommunications services.

This would enable us to test the practical application of optical fibres in the local network and the reaction of subscribers to the services available. The Japanese have already done it. The Canadians and now the French are planning to do it.

Optical fibre technology involves the transmission of speech (or data) via pulses of light along a hair-thin strand of glass or plastics. The light is generated by lasers or light-emitting diodes. A pair of fibres can carry almost 2,000 telephone calls simultaneously.

The Post Office intends to introduce 15 routes for which optical fibre will be supplied by GEC, Plessey and STC. According to the union, this will represent the largest application of optical fibre technology in actual operating conditions in any telecommunications network in the world.

These routes will come into operation between 1980 and 1982, providing the Post Office with practical experience of using optical fibres with live traffic and British manufacturers with a showcase for potential customers abroad.

Optical fibre technology, the

Technology News

report points out, cannot be divorced from the whole modernization programme of the Post Office's telecommunications business, and in particular the change from analogue (continuously modulated wave-like signals) to digital (discrete, on/off signals) systems for both switching and transmission.

"At present," the union comments in its report, "the British Post Office operates what is basically an electromechanical telephone system with limited reliability and service. The range and quality of service which we provide is under attack from politicians and customers."

"Therefore the rapid modernization of our national telecommunications network is crucial to our future job prospects. It will strengthen our defence of the monopoly."

"It will encourage the development of a larger telecommunications system with more telephones and more calls. It will stimulate a much wider range of terminal apparatus and telecommunications services. That is why we must have the modernization programme and the optical fibre technology that is part of it."

Space research

A new concept in the development of industrial processes suitable for use in space (in earth orbit, for example) has been initiated in the United States by the National Aeronautics and Space Administration.

In essence, joint programmes of research and development are being shared between NASA and appropriate companies with no exchange of funds. The aim is

"to involve the private sector in the definitive stages of a space research programme where a technological advancement is needed and there is a potential commercial application."

Under the NASA/McDonnell Douglas agreement, the first of its kind, the aerospace company and a major pharmaceutical company will investigate the separation of biological materials in space using a process known as electrophoresis.

Using this process in space, it is thought likely that substances useful in the diagnosis, treatment or prevention of human or animal diseases can be produced. Such substances at present are not being produced in sufficient quantities or of sufficient purity in ground-based processes.

Colour prints

Significantly improved colour transparencies and prints from computer-generated colour video displays are claimed by Calcomp, the computer graphics company, for its new Model 31 recording device, launched yesterday.

It was developed by Dum Instruments in the United States. In association with Polaroid, previous systems have suffered from incompatibility between the techniques used to reproduce colour on the video screen and those used in colour film.

The new microprocessor-controlled system processes the phosphor-based video colours into a form compatible with the layered structure of the film. This should accelerate the use of colour graphics output from computer systems in areas such as business information systems and design—distinct from the traditional ones of science and engineering.

KENNETH OWEN

Lucas wins battle to expand in Europe

Lucas Industries is now so confident of its all-round strength that it has taken the battle for motor industry business into the home market of its biggest competitor, Robert Bosch, and won big contracts to supply German motor companies with components.

This was revealed yesterday by Mr Godfrey Messervy, managing director of Lucas, who will succeed Sir Bernard Scott as chairman and chief executive from April 1. Sir Bernard, 65, is retiring after six years in office.

Mr Messervy said: "Bosch do not take very kindly to us making really significant inroads into what has long been regarded as Bosch territory. We are not personally antagonistic to Bosch, but we are bitter rivals for every market we fight in."



Mr Godfrey Messervy: bitter rivalry for every market.

"There is no suggestion that any particular market belongs to anyone. Today it is a world market and we are in there fighting for the money."

The German successes follow Lucas' long battle to increase its presence in another EEC country. It attempted to obtain control of Ducellier, the French auto-electric manufacturer last year. But a series of court hearings—a compromise was reached three months ago which permitted Lucas to increase its shareholding to 50 per cent and gave its rival, the French Farro SEV, 48 per cent.

Mr Messervy said Lucas, Farro and Ducellier had now set up a number of joint teams to produce a rationalization plan which will help all three in products and markets.

"As long as the French motor industry understands what we are trying to do—and they do because I have been around and told them—the result should be a stronger French auto-electric group."

"The trouble at present is French motor companies want a stronger component industry but tend to want to pay very little for their original equipment. They expect suppliers to make their profits out of replacement parts."

"But life is not like that today. That is one of the reasons why the French have a lousy component industry."

Prices deal for rubber company

By John Huxley

International Synthetic Rubber (ISR) has resumed production of its principal product after a four-week shutdown in protest against what it described as "killing" prices charged by chemicals companies for raw materials.

More than 100 workers engaged in making styrene-butadiene rubber at the company's main plant at Rythe, Hampshire, were redeployed after the production halt.

Yesterday ISR announced it had reached an understanding with Esso Chemical relating to contract prices paid for supplies of the butadiene feedstock. "Most significantly, an agreement has been reached for both parties to work together to establish a viable long-term arrangement," the statement added.

Esso is ISR's largest supplier of butadiene. Others include ICI and British Petroleum, with whom negotiations are continuing. The company would give no details of contract prices agreed with Esso.

Earlier Mr Donald Bennett, chairman of ISR, had complained that he was being asked to pay around £330 a tonne for butadiene while in the United States the same product was being offered at about £230 a tonne before freight charges. ISR, owned by a consortium of the tyre companies Dunlop, Goodyear, Firestone, Uniroyal, FTR, Michelin and Avon, said it had been hindered by support from its 900 workforce and its customers.

LETTERS TO THE EDITOR

Food the most serious shortage in world of wasted resources

From Mr R. S. Scorer

Sir, The message of Kenneth Owen, your Technology Editor, should be heeded by your Commodities Editor Wallace Jackson. Owen writes (February 1): "While attention has been focused on energy questions of the future supply of materials have been overlooked." How true! For Jackson's headline (January 28) reads: "So much silver underground and yet so little mined."

The column below reveals that the amount of unmined silver around the world in direct deposits is enough to last only 13 years at present rates of consumption and that there is enough for another 35 years in deposits from which silver

can be mined as a byproduct. If I owned a deposit I would be very much inclined to keep it in the ground and not release it to the world with its present extravagant practices.

But metals and other minerals are not the only resources whose life appears short. The tropical forest and ocean fisheries are being grossly over-exploited at present so that there will be a very serious shortage of wood and fish in two decades time.

Only a severe shortage of energy will, so it seems, slow down this shortsighted extravagance. Perhaps the most serious of all is the shortage of food in prospect. Disease has been

overcome as an important restraint on population growth and the world's food supply, supported by mechanization and fertilizer, has supported an unprecedented increase. But that depends on fuel, so that the fuel crisis means a food crisis. Fuel, forests, fish, fertility and food: these are more serious than minerals to the welfare of the world, and it will not be a crisis but a climacteric. Yours faithfully,

R. S. SCORER, Department of Mathematics, Imperial College of Science and Technology, Queen's Gate, London SW7 5HH, February 1.

Advantage of strict product liability

From Mr Howard Abbott

Sir, The letter from Dixon Coats (January 29) on product liability and animals is well timed. He followed David Sharpe who had made similar points regarding human beings. They both felt that their respective fields of medicine would suffer when strict liability comes into force in this country; that defensive medicine would become the norm; and that the patient, animal or human, would be at a disadvantage as a consequence.

Mr Gunn says that if there is suffering due to a product defect which "is the result of negligence, the remedial course already exists". It certainly does—but the sufferer would have to prove negligence. Here is the difficulty that strict liability seeks to overcome. Mr Gunn rightly stresses the complexity of modern medicine and the problems of understanding it. This is why the proof of negligence is most difficult for the outsider.

Under strict liability a plaintiff would only have to prove a causal link between a defective product and harm to succeed. He would not have to show that the producer had been negligent. Which is not to say that the producer would not have defences available to him, such as contributory negligence.

Your correspondents may have been influenced by the stories from the United States where strict liability has been in force for over 15 years. But the apparent "excesses" are more the result of the American legal system than strict liability. There is virtually no chance of us following the American pattern.

Yours truly, HOWARD ABBOTT, Director, Corcoran, Boscawell, Cornwall PL35 0BH, January 30.

Why trading with EEC is not all gloom

From Mr W. M. Clarke

Sir, I was interested to read the analysis of "Britain's trade with the EEC" by the three members of the Cambridge Economic Policy Group in Monday's paper (January 28). And pretty gloomy reading it tended to be. The authors contrast the promised "dynamic gains" expected from Britain's entry into the Common Market with the growing deficit actually shown by the manufacturing industry.

But it is not all gloom. Had they looked a little wider they would have found that Britain's invisible trade surplus with the EEC had nearly doubled between 1973 and 1978 from £710 million to over £1,200 million. Of this the financial services sector nearly doubled, rising from £111 million to £293 million.

Yours faithfully, W. M. CLARKE, Director-General, Committee on Invisible Exports, 7th Floor, The Stock Exchange, London EC2N 1HE.

Bureaucratic burden

From Professor A. J. Harris

"I will do such things—what they are yet I know not—but they shall be the terrors of the earth" (King Lear, Act 2, Sc 4).

The engineering authority proposed by Ministers is not a solution. It is a means of applying a solution. What solution? No solution emerges from the text; proposals are secondary and trivial.

We run the risk of being lumbered with an expensive and restrictive bureaucracy.

A. J. HARRIS, Department of Civil Engineering, Imperial College of Science and Technology, London SW7 2BU, January 31.

Unrewarding promotions

From the Rev Bernard T. Croft

Sir, Somehow I do not think many of those who read your story about the Reader's Digest book, *You and Your Rights*, would have their wits wronged. As recipients over the years of unwanted promotion material and of "awards" from time to time, some would remember the wise words of old Adam in *Cold Comfort Farm*: about curses, like rookeries, flying home to rest in bosoms and barns.

BERNARD CROFT, 10 Minster Court, York YO1 2JJ, January 31.

UK's mineral reserves an unlikely Utopia

From Dr J. P. N. Badham

Sir, The recent letters from Sir Peter Kent and Sir Kingsley Dunham (January 9) and Mr John Lomax (January 23) call for a simplification of mineral rights ownership (by nationalisation) to encourage mineral exploration and development with tax incentives. Both make two assumptions which need justification before such changes should be considered.

The first of these is that the mineral resources are actually there to be discovered. Mr Lomax draws attention to a list of "known ore-bodies" in the United Kingdom. As far as I am aware the best of these (for example Wheal Jane and Mount Wellington) have been unable to operate profitably despite the most generous government assistance I would be interested to know of other known ore bodies which could be mined profitably in the United Kingdom.

Mr Lomax also suggests that a revival of mining would "help the balance of payments and ensure a supply of strategic materials..." At present this country imports its entire requirements of many metals except for copper, lead, zinc, tungsten and tin. We produce about 1 per cent of each of these indigenously.

The most optimistic prognosis would find it difficult to anticipate production of even 5 per cent of our needs for any of these metals, and we have no known reserves of any of the remaining strategic metals. While an enhanced exploration programme might alleviate the situation somewhat it is hard to see the coming of Mr Lomax's metallic Utopia.

The second assumption is that even were we to locate significant mineralisation, permission would be given to mine it. The land use pressures of this country are so great that government would find it extremely difficult to impose its will. The success of the environment

mental lobby at Coed-y-Brenin and their present virulence at the Belvoir and nuclear strategy inquiries suggests to me that development of new mining fields in the United Kingdom is highly unlikely.

Mr Lomax's comparison with Eire is not apt for both the geological situation and land use pressures are very different.

To appreciate the land use pressures I list the organizations that have become involved with a recent planning inquiry for increased gravel extraction: the local town and councils, the local water authority, the CEBG, the RAF, a major oil company, a major gravel company, the RSPB, the nature conservancy, the Salmon & Trout Association, the IGS, various universities, various local environmental groups. May we pity the poor man who only wanted to employ a few from the dole queue and extract a few more tons of gravel!

For my own part let it be quite clear that I firmly believe there to be mineral deposits that could be produced economically in this country, and I should like to see them discovered and produced. I do not think they will make any significant difference to the balance of payments or our strategic dependence on other countries. They could, however, improve local unemployment and wealth considerably. I am unable to understand the logic of environmental groups who are quite content to use the products of desertion (sic) of other countries while protecting their own. I am cynical enough nevertheless to suspect that their arguments will prevail and that neither rationalization nor tax incentives will make the slightest difference to us.

Yours faithfully, N. BADHAM, Department of Geology, The University, Southampton SO9 5NE, January 25.

Basic needs overlooked in efficiency drive

From the Director General of The British Quarrying & Slag Federation

Sir, Mr Gaultier in his letter of January 29 has highlighted an issue which should concern us all: a sound infrastructure is basic to an expanding, forward looking and efficient industrial nation. We ignore this at our peril.

Those who have a vested interest in supplying these needs are hesitant in promoting their views or are ignored as having vested interests. However, while there is a strong belief that public expenditure and hence government borrowing must fall, that is not to say that we should not look more closely at the proportion devoted to "current" and "capital" expenditure respectively.

The statistics quoted by Mr Gaultier speak for themselves however unpalatable they may be. They point to two things: a gradual reduction in the basic civil engineering services that we all take for granted in our daily life but more important a heavy cost to industry by the use of antiquated buildings and high delivery charges on manufactured products. Anyone who has found himself in a queue of lorries to an export port must

know that this delay costs money and that this cost may make the difference between a product that is competitive in the market place and one that is not.

Let us be realistic. If our present difficulties in the short term prevent us from allocating sufficient resources to these basic needs, we must look for an alternative. It is not beyond the ability of our elected representatives of the European Parliament to play the French game. We must hope therefore that this challenge is taken up. We should make every endeavour to obtain funds for infrastructure development from EEC sources which will go some way to counterbalance the inequity of the common agricultural policy.

We should not, aside our domestic differences, however valid, and try to find a common approach to what has become a serious problem.

Yours faithfully, G. T. BODKIN, Director General, The British Quarrying & Slag Federation Limited, Carolyn House, Dingwall Road, Croydon CR0 9XF, January 30.

Dangers for moderates in union law change

From the General Secretary, The Aerospace Association

Sir, Mr Leif Mills (January 22) has drawn attention to the problem of trade union recognition, to which the Engineers' and Managers' Association has been directing the attention of Members of Parliament for some months, namely the proposed repeal of Sections 11-16 of the Employment Protection Act.

If the repeal is enacted in the Employment Bill 1980 there will be no machinery whereby a trade union can challenge the recognition of an employer to grant recognition. If an employer is under pressure from a militant, Communist-led trade union not to recognize another, moderate trade union, and he buckles under that pressure, what do we moderates do?

One answer would be to take to the streets and thereby behave in a manner which our

members and their employers would deplore. If our members had wanted to do that they would have joined AUEW (TASS) in the first place.

We are dismayed that this, of all governments, should be in the process of dismantling the Advisory, Conciliation and Arbitration Service (ACAS). It is as though the Government is playing into the hands of the militants and indicting that brute force can win the day on a recognition issue. How strange that in one Bill we find a remedy for the ill of secondary picketing and a prescription for industrial action on recognition.

Yours faithfully, PETER FAIRLEY, General Secretary, The Aerospace Association, 39 High Street, Wheatthampstead, Herefordshire AL4 8DG.

A NEW BRITISH CONCEPT IN CONSUMER SAFETY

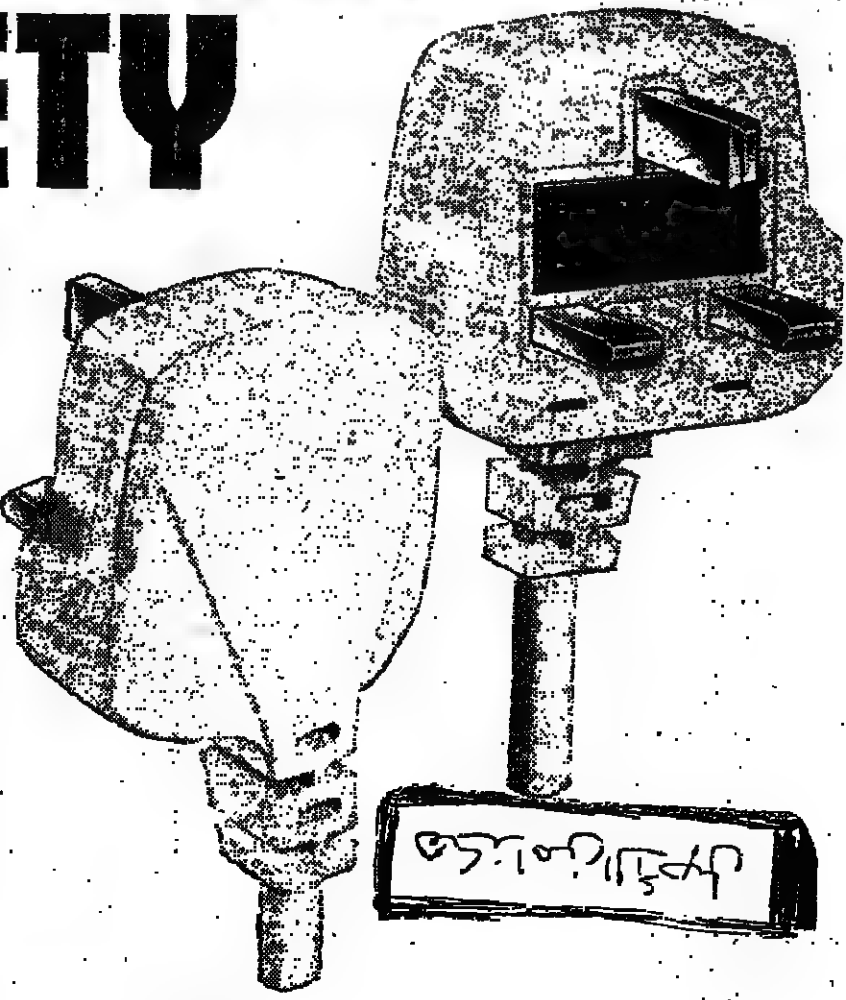
The Pencon plug has been developed in the interest of public safety. The objective was to produce an integral plug lead which would be supplied to electrical appliance manufacturers thereby enabling appliances to be ready for use immediately and safely without any additional work on the part of the user.

Furthermore the Pencon plug complies with the requirements of BS.1363A as far as this is relevant and in fact goes beyond this Standard in view of the radically new nature of the product. It is accepted by BEAB (British Electrotechnical Approvals Board) for use on BEAB approved appliances.

Electrical appliances fitted with the Pencon plug lead are now on sale in shops and showrooms throughout the U.K. and will come into even more widespread use as time goes on. A number of large and leading appliance manufacturers have adopted the Pencon plug as a standard fitting throughout their ranges of products with similar intentions in evidence by many other manufacturers in the electrical appliance industry. The plug is protected by patents and copyright designs.

The PENCON® Plug

Developed in the interest of consumer safety by Pendle Connectors Ltd., Pendle Mill, Elizabeth Street, Leigh WN7 3AE, Tel. (0942) 603412, which is a wholly-owned subsidiary of the Ward & Goldstone Group of Companies of which Pendcon is a registered trade mark.



BY THE FINANCIAL EDITOR

GEC draws on its experience

GEC's offer for Decca is not necessarily a knockout blow, but it is sufficiently well-pitched to make Rascal, with its £65m paper offer still on the table, think hard about where it goes from here. Most important (apart from the fact that it is worth £17.5m more than Rascal's bid) GEC is offering cash, though for those with a capital gains tax problem there will be an alternative of convertible unsecured loan stock.

Second, GEC is acknowledging the reality of Decca's capital structure in that at the end of the day it will be the voting shares, which represent only 38 per cent of the equity, which will decide this battle.

Thus, the differential between the voters and the "A" non-voters which had been around 10 to 15 per cent in the market before the bids started coming in, should be 25 per cent in the view of GEC. If Rascal comes back with a counter it will have to think again here; its present terms offer the voters a premium of just under 11 per cent.

Thirdly, there is the question of what Decca is worth. To some extent this must involve shooting in the dark. A base point though is that the capital goods business, which is what both GEC and Rascal want, has annual sales of £100m, and Decca has substantial hidden value. Major assets, such as the music catalogue, for which PolyGram is prepared to pay as much as £9m, and the head office building in London are in Decca's book at virtually nil.

Against this it has debt of around £60m following its heavy consumer product losses, and closures, including the possibility of the television business, represent unquantified liabilities in the near future.

All this suggests that if Rascal wants an auction the bids will be notched up by rather more modest sums than GEC has delivered on this occasion to a maximum of around £90m. Decca shareholders obviously have nothing to lose by staying put for the moment, but they should be aware of two risks.

One is that the whole situation will be referred to the Monopolies Commission (though goodness knows Whitehall must have sufficient data on electronics rationalization possibilities by now). Second, Rascal could pull out now, perhaps raising the day that it did not offer more in the first place which could have kept GEC's ambitions shackled. But in the takeover game experience counts.

Lorrho

The strategy unfolds

Lorrho, has significantly undershot market estimates with declared full-year profits stated at £84m pre-tax against last year's £93.6m.

Despite the roller-coaster look of divisional returns however the main blame for the disappointment falls on a substantial reduction in write-backs, above the line of previous over-provision for depreciation. Stripping this controversial feature out would leave profits a shade higher at £76.3m against £74.2m. Thankfully, Lorrho has now decided to abandon this procedure and write-backs will go straight to reserves.

On the trading front Lorrho has been saved from an embarrassing profit outturn by a spectacular performance from the mining companies which pushed profits up from £9.6m to £31m mainly on the back of rising gold, copper and platinum prices.

Against this the lower sugar price saw agricultural profits tumble from £21m to £11m, while the Nigerian blockade saw export confirming and finance figures drop from £18.6m to under £8m.

Now, after four years on a plateau Lorrho looks to be on the verge of a profits explosion based heavily on the African mining, agricultural and trading interests. Profits from mining could almost double if the current bullion price holds, while a sugar price double that of last year's points to significant recovery in agriculture.

Even allowing nothing for a possible reopening of the Zimbabwe oil pipeline—currently in the books at £11—the group's overseas earnings can comfortably take the strain of bleak conditions at home particularly for the engineering and steel interests which saw profits fall from £13m to £8m last year.

Forecasts for the current year range from around £130m to something over £150m. Indeed, Mr Rowland is unmistakably bullish lifting the net dividend by a tenth and declaring a special 1p interim in advance.

Investment in the shares, however, is still a case of guessing the quality of African profits and putting faith in Mr Rowland's strategy. Clearly the plan is to convert vulnerable overseas returns into sound assets in the west and probably "hang the dilution".

In his attempt to alter the group profile Mr Rowland is now basking in the warm glow of a balance sheet which shows net gearing down to 36 per cent and net assets per share at 180p.



Mr. Roland Rowland, chief executive of Lorrho.

Profits next year of over £140m would reduce the present p/e ratio at 101p of over 9 to under 7 while the income attractions remain in a yield of over 10 per cent despite the recent share strength. But whatever the truth about Lorrho's intentions regarding House of Fraser/Debenhams the stream of equity—shares in Lorrho have risen from 5m in 1975 to over 200m—is not going to abate and much rests on Mr Rowland's bidding judgment.

Meanwhile, the excitement caused by the future of the Gulf Fisheries 19 per cent stake and suggestions that Mr Rowland's ultimate ambition could be to reverse the group into the private empire of Mr Daniel Ludwig should see the shares yo-yoing in the next few weeks. For once, however, the downside risk seems small.

Welbeck Finance

New vehicle for credit sales

Once again Debenhams is improving the look of its balance sheet. Previous efforts to bridge its inadequate cash flow at a time of sharply rising fixed asset and working capital requirements have included sale and leaseback property deals, a £22m rights issue, the arrangement almost two years ago to sell up to £45m of its trade debts to Lloyds Bank and in recent months a series of disposals of its peripheral trading interests.

Now the stores group is going in for a more radical approach involving the setting up of a separate finance group. Welbeck Finance—in which Debenhams has a 10 per cent equity stake but which is so structured to give it all the profits—which will handle all the group's credit sales.

The attraction for Debenhams is straightforward enough. It will take off the balance sheet steadily rising borrowings, especially expensive bank overdrafts, which have been necessary to finance the growing proportion of credit sales. These have risen from £55m in 1977 to a projected £107m in 1981 and accounted for a quarter of its department store turnover last year.

With debt cut by £20m balance sheet gearing will fall from 31 to 23 per cent this year, excluding the benefit from recent asset sales, and unlike the earlier Lloyds move, which still involved borrowing and interest costs, Debenhams will benefit from the dividends it receives from Welbeck, which will still be groupable for tax purposes.

There is a more positive side as well. Once on its feet, Debenhams hopes to capitalize on its expertise in the credit field by developing Welbeck into a substantial high street credit operation, with a capital base of its own which will require only small equity injections from Debenhams to keep it growing.

As such this will provide the retail sector with an interesting innovation more than just a banking operation which will take some of the burden of credit sales off its shoulders.

Unfortunately it does nothing to answer the underlying questions about Debenhams trading philosophy, its niche in the high street and the lacklustre profits record. Until now the SLV has handed out cash help and run a school at Slough dating back 175 years.

"We are concerned because we don't want two people in the same industry doing the same job," Ives says. The LVNH has a well equipped complex at Denham, Buckinghamshire, which offers hospital theatre facilities as well as a pub. It is also planning a series of what are known in the trade as "caring" hotels around the country, with a medically trained person in charge.

This is more or less what the Society of Licensed Victuallers has in mind, although Chris Kimber, the general secretary,

For more than a decade Lord Shawcross has been the embodiment of self-regulation in the City in the area of takeovers and mergers. When he became chairman of the Takeover Panel in 1969, he inherited a jungle. In these eleven years he has turned it into something a good deal more orderly.

He has done it by the force of his character and by the force of his prose. He will be a hard act for anyone to follow.

Yesterday the Bank of England was declining to confirm or deny that the Governor has decided to appoint Sir Jasper Hottom, at present deputy governor at the Bank, to be his successor. Members of the Panel, however, confirm that this is what they have been told.

The retirement of Lord Shawcross would mark the end of an era of self-regulation in the British securities industry. He was a creative, not to say aggressive, turn of mind and policy to the office. To judge from his public record, Sir Jasper's attitude to events is more quietist. The question must be asked whether self-regulation as we know it will survive such an approach.

It has always seemed to me wrong to think of the issue of regulation in the securities market as a straight conflict between British-style self-regulation

and American-style statutory regulation, with a Securities and Exchange Commission and the rest. The fact is that in any system there are elements of statutory and elements of non-statutory regulation, just as there are elements of self-regulation and elements of outside regulation. The question at any moment is whether the existing balance is correct, or whether some change is required.

The non-statutory self-administered part of regulation in the securities market has manifest advantages. It is cheaper, quicker and more flexible. It is, however, always open to the objection that self-regulation, in the aspect because the whole thing is kept inside the "club". To preserve its advantages and to protect itself from damaging criticism, therefore, self-regulation cannot afford to be quietist. It has to show aggressiveness and publicly that it is doing its allotted part of the job.

Lord Shawcross understood these points well. When he came to the job, the City as a whole hated the idea of tough self-regulation. Most did not then accept that the Panel was not made to work, there would be a huge advance in statutory regulation, which they would like even less. Indeed, it was only the late Anthony Crosland's instinctive dislike of involving Whitehall in these areas, when he was President of the Board of Trade, that

Why Sir Jasper must be tough

stopped the political bandwagon in favour of a British SEC after the celebrated affairs of the late 1960s.

Today, the City thinks that the Panel has been a wonderful success. The change is a measure of Lord Shawcross's achievement.

His formula has had three main ingredients. The first is that the Panel's rules have been drawn up by and in consultation with practitioners in the market place. The Panel has, therefore, always maintained the respect of its clients in a way which clearly is not the case with the present attempts by the Council for the Securities Industry to impose a code on the Issuing Houses.

Secondly, the Shawcross Panel has given steady and intelligent support to its executive. They must perform, deal with the bulk of the work. It has helped everyone to know that the policy-makers and those who do the work have been speaking with the same voice. And, thirdly, Lord Shawcross has found the trick of creative leadership of a group which by its constitution, might in other circumstances almost have been designed to prefer inaction to action. In this respect, for example, the Takeover Panel will be in office ahead of, say, the Council of the Stock Exchange or the Committee of Lloyd's.

Lord Shawcross has, nevertheless, had his critics. To some the panel's proceedings have appeared to have a "Star Chamber" quality. Also some

people feel that two-tier standards have sometimes been applied in that established City banks have on occasion been treated with greater respect or leniency than "fringe" institutions or persons.

In short, there is a body of opinion, not confined to City law firms, which thinks that the arbitrary element of Panel case law has reached the point where it would be better to regulate matters in a more conventional way.

For all his undoubted influence, Lord Shawcross was not able to prevent the creation of the Council for the Securities Industry in its present form. It is becoming increasingly clear that the CSI's role in the overall system is not quite right. Rather like Mr Peter Waller's reform of local government, the CSI is the wrong sort of extra layer of self-regulation in the wrong place.

If the CSI is to have influence over the whole of the City and public companies in relationship to the Stock Exchange its shape is too narrow. If it is to be mainly interested just in the securities market, it seems to duplicate the work of the Takeover Panel and the Stock Exchange Council. The new chairman of the Panel will be in office during a period when this relationship must evolve rapidly. He may be certain, however, that if the Panel loses its "inquisitorial" edge, the frontiers of statutory regulation will be further advanced in the 1980s.

Commercial radio has benefited from the ITV strike. David Hewson reports

Switching to a 'hot' medium

When Professor Marshall McLuhan, the American authority on the media, said that radio was a "hot" medium and television a "cool one" he was describing radio's ability to stimulate the imagination and forge a link with the listener which is unique in terms of communications.

By comparison, television, with its finite visual limitations, creates its own rigid boundaries to whatever message it is trying to put over.

Professor McLuhan's theory may go some way towards explaining why television, quite apart from the size of the audience it delivers, has always been regarded as a good advertising medium, while radio has been something of a poor relation.

In trying to "capture" an audience for a product, television leaves no room for interpretation—the message comes across clearly and unambiguously. With radio, the advertiser has less control over the way in which his message is received and interpreted.

Radio will never threaten television as the prime medium for advertising, but its status has nevertheless changed noticeably in Britain in recent months.

At the heart of the change is the television strike which has left independent television companies for 75 days and transformed commercial radio in many eyes from the Cinderella of broadcasting to a position in which it could be taken seriously as a selling medium.

Immediately the strike began, marketing departments with large television budgets were at a loss to know where to place their campaigns. Mr Tony Legg, sales director for Associated Independent Radio, says: "We've been forced to find out how effective they were."

Standard consumer research information, largely based on the existing areas of the television companies, is inadequate to calculate the efficiency of a campaign using a radio station which serves only a part of the research area.

But radio convinced some media buyers. A number of significant decisions to divert funds intended for television. The £33m which the commercial stations believe they won directly from the strike may be boosted by monthly takings by as much as £2 per

cent last autumn, but it is in the long-term implications that the agencies can find the most encouragement.

Agencies and producers who can meet its creative demands are thriving and there is a growing awareness of what it can achieve and how cheaply.

Mr Tony Hertz and Mr Peter Perrin started Radio Operators, one of the few agencies to deal exclusively in the medium, in 1973. "We're 300 per cent up on inquiries from potential customers on two years ago and probably 100 per cent up on finished jobs simply because of the huge volume of work we get," Mr Perrin says.

With the costs both of producing television commercials and of air-time soaring, the advantages of radio have become more apparent to media buyers, though it is not without its own inflationary factors.

The cost of a Radio Operators production varies greatly, according to the customers' requirements. If the company were asked to come up with a complete script and write the script and then produce three commercials would cost about £2,500. Adding music would almost double that and a specially written signature tune could cost a further £2,500.

Most large radio advertisers use one of the three usual sales agencies—Air Broadcast Marketing Services and Radio Sales and Marketing—on purchase block air-time on all 19 present commercial stations broadcasting to some 65 per cent of the population. At present rates £44,300 would buy 49 30-second spots on each station during day-time shows.

Peak advertising rates apply between 6 am and 10 am on weekdays and 8 am and noon at weekends, with rates falling progressively along with the size of the audience during the day.

By comparison, the £100,000 television commercial is not uncommon, with airtime costs, on top of that, much higher than last year and viewing figures still suffering the after-effects of last year's strike.

Radio also scores with its high regional flexibility and local appeal. A good example of appeal is the campaign which a Ford main dealer in London, Fry's of Lewisham, has been running for the past three years. Mr Bill Falton, the managing director, was initially sceptical.

"The sums concerned were fairly considerable as far as we were concerned," he says. "The company opted for a £12,000 campaign centred round a carpooling scheme. Fry's of Lewisham, how can we help you?"



Recording a "jingle": advertisers are discovering the attractions of radio.

which it now uses on the telephone switchboard. "It's impossible to quantify, but it gave us an enormous benefit in terms of business. The company was going through a depressing stage in its development for various reasons at the time, but we did feel that morale in the place went up enormously."

"The real essence was that our name suddenly became a household one in dealer terms. We've even had people ring up and ask if they can buy the record of the ad, which is only five lines of music."

The success has made the company more conscious of its sales policy. It has increased its advertising budget to £60,000 for 1980, £38,000 of it going on radio.

"I know there are people spending millions on campaigns,

but for our type of business that's a lot of money. My dealer colleagues fall over when I tell them how much we spend."

"Talk about immediate returns is begging the issue. It's a very long-term business. You have to build up your strength and your message."

"I don't believe that the claims of national newspapers, the cinema or television about work as effectively as local radio."

Nine more commercial radio stations are under way and a further 15 have been approved by the Home Secretary, which will cover about 80 per cent of the country. But doubts about radio as an advertising medium persist. The first, and most important, is the lack of research about its effectiveness. One drawback, often

quoted by television advertising salesmen, is that commercial radio programmes are often a light and frothy background to some more important activity, such as cooking or ironing, for the important housewives sector.

This relegation of the advertising message to a secondary role obviously blunts its penetration. The answer, according to radio buffs, is to adjust the medium. Judging by present campaigns that means attempts—with varying success—at humour or extreme repetitiveness.

A further question mark against radio is the Independent Broadcasting Authority's announcement that it is considering, as part of its general renewal of television franchises, the formation of a new breakfast channel. This would compete with radio in its most profitable hour, the early part of the day. Breakfast television would have to steal from radio to survive, but the threat has perhaps been exaggerated.

Who really wants to watch television during the business of getting up and off to work? Some without doubt do, but not many, or so the radio men believe.

Radio will never rival television as a source of media buyers' interest—its annual revenue has yet to reach what the independent television companies receive in a month. But there is a growing realization that radio can be a complementary selling medium. It requires its own skills and offers its own benefits.

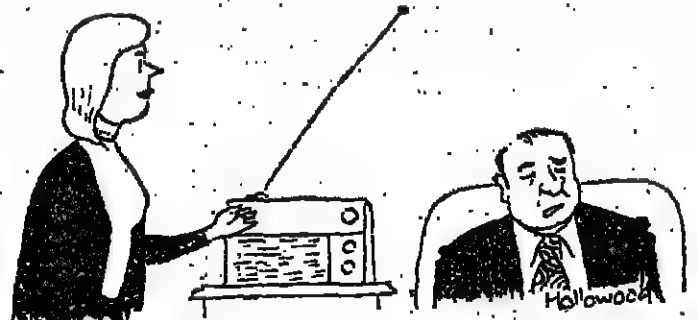
Business Diary: Who follows Solomon? • Inn dispute

A lot of guessing is going on in the currency trading world about who is going to become the American Treasury's new chief for monetary affairs. Anthony Solomon, the present incumbent as under-secretary, leaves the job on March 1 for a four weeks rest before starting work as president of the New York Federal Reserve Bank on April 1.

According to some, it will be difficult to attract a top flight banker to the Treasury. After all, as President Carter loses November's election, who ever is appointed will quickly find himself back in the private sector. As an interim appointment, it is being suggested, the President will turn to someone already in the Administration. The position is considered too important to be left vacant for very long.

If the President decides to use someone from the Treasury, the clear favourite is Fred Bergsten, the Assistant Secretary for International Affairs. This 38-year-old former senior fellow of the Brookings Institution, got a taste of power between 1969 and 1971 as Dr Henry Kissinger's assistant on international economic affairs in the National Security Council. He has shown a distinct inclination to wield political power ever since.

Two other possibilities in the Administration—both about the same age as Bergsten—are Robert Hormatz and Richard Cooper. Hormatz took over from Cooper on Kissinger's council, became Deputy Assistant Secre-



No need to worry yet: big wars don't start until August or September.

tary of State for Economic Affairs in 1977 and recently gained the title of ambassador as Deputy United States Special Trade Representative.

For Cooper the move would be a sideways shift, as he is already Under-Secretary for Economic Affairs at the State Department.

The President may, of course, surprise everyone.

● A tiff has erupted between two charities looking after retired people in the pub trade, the Society of Licensed Victuallers (SLV) and the Licensed Victuallers' National Homes (LVNH).

The SLV goes back to 1793 (that veteran newspaper, the Morning Advertiser belongs to the same job) Ives says. The LVNH was a group that broke away nearly forty years later.

Things have happened since what since and there's been regular meetings between the two to sort out problems, but the National Homes, whose national secretary is George Ives, did not take too kindly to the recent news that the older charity was planning to start up geriatric care centres. Until now the SLV has handed out cash help and run a school at Slough dating back 175 years.

"We are concerned because we don't want two people in the same industry doing the same job," Ives says. The LVNH has a well equipped complex at Denham, Buckinghamshire, which offers hospital theatre facilities as well as a pub. It is also planning a series of what are known in the trade as "caring" hotels around the country, with a medically trained person in charge.

This is more or less what the Society of Licensed Victuallers has in mind, although Chris Kimber, the general secretary,

says that detailed plans have yet to be drawn up. The society has plans for three care centres, compared with LVNH's scheme for 14, starting with three in the North-east.

But Kimber says: "If there is a storm in a teacup it is merely a question of timing. He could understand the LVNH being upset only if centres were to be set up in the same place.

The two charities will now be exchanging full details of their plans.

● The reason behind the change of name of the Government's Trade and Industry magazine to *British Business* seems a little more complicated than originally appeared.

The Department of Industry announced the change of name last week as being keeping with the development of the magazine over the years.

Alan Williams, the managing editor, gave a different explanation when writing to subscribers in September. An industrial dispute at Her Majesty's Stationery Office was then affecting publication of *Trade and Industry*, he said.

● Pity the poor GKN workers who during last week's to-ing and fro-ing in the courts, must have set up some kind of "on-off" record because of their unswerving loyalty both to the law and to the instructions of their union executive.

The 3,000 Iron and Steel Trades Confederation members for the company's Cardiff works, South Wales' biggest steel plant, were all set to strike from the Sunday before last. That was until branch officials heard about the Court of Appeal decision outlawing industrial action in the private sector. The officials consequently advised their members to resume normal working. Only a couple of hours later, however, they were told that it was up to the union executive to issue any new instructions and that until then private steel men should stay on strike. Obeyingly the GKN men resumed their action.

But on Tuesday the executive issued its new instruction in accordance with the Deming ruling, just as obediently, after a dignified Wednesday meeting in which the validity (temporary as it turns out) of the Court of Appeal ruling was spelt out, the GKN men decided to return to work.

Until the weekend, that is. For by then the Law Lords had overturned the Deming ruling and, loyal to the last, the GKN men came out again. Last night they were still out.

An advertisement in the Fleet Street branch of National Westminster Bank reads: "Cash in on a NatWest savings box and watch your money grow."

Underneath, the cover price of 59p had been scratched out and replaced with "68p plus VAT".

David Hewson

MARLEY

- * 1979 — profits up 19%
- * Last 10 years — profits up 21% p.a. compound
- * Continuing diversification at home and abroad
- * Stronger still in D.I.Y. — and expanding rapidly
- * New policy of growth by acquisition

For more information write to The Secretary, Marley Limited, Riverhead, Sevenoaks, Kent.

FINANCIAL NEWS AND MARKET REPORTS

Stock markets

Prices lower but firmer trend after hours

A spirited performance was made by most sections of the Stock Market yesterday, in spite of the problems on the economic and labour front.

Glits were the prime focus of attention ahead of today's bank lending figures while equities managed to mark time.

Even the bullion price remained fairly steady following quieter activity on the New York market. The gold price closed \$10.5 off at \$667 an ounce.

Glits encountered some heavy selling as soon as dealings resumed yesterday morning when investors became concerned over the steel strike and the poor economic outlook. Most held a fairly bearish outlook for today's bank lending figures, and as a result falls of between £1 and £1.25 were soon being reported. However, trading after hours showed a firmer appearance with most closing off thick while the results in falls of between £1 and £1.10 in long while at the shorter end losses were limited to around the £1 to £1.10.

In spite of this equities held relatively firm awaiting the upturn in glits while at the same time discounting the recent turn for the worse in the steel strike.

Dealers reported very little selling as jobbers were content to mark prices lower. Some interest was generated among special situations and bids, but for the most part investors were prepared just to bide their time.

After steadily drifting throughout the day to fall 3.8 at 2 pm the FT Index improved slightly after hours and closed only 2.1 off at 445.7.

Leading industrialists were no exception to the rule and quite content to keep a close eye on glits as prices drifted between narrow levels. Overall the market bore a confident look and was ready to advance should there be the slightest sign of improvement elsewhere. In the events, ICI closed only 1p off at 375.5 as did Reed International at 200p while Bowater was firm at 175p. The threat of a drugs price war in the United States continued to hamper Glaxo 5p off at 465p.

British Home Stores is thought to be pleased with its January sales, which is more than can be said for some retailers. Analysts are still going for a 20 per cent rise in profits this year to 10p. Many competitors will be lucky to manage 10 per cent increase. Even so, BHS shares slipped 1p to 263p yesterday.

while Beecham remained unconcerned rising 1p to 118p. Fisons rose 5p to 282p in a thin market but Unilever slipped 4p to 450p.

The electrical sector again attracted the most interest among equities, where the big power struggle between the majors continued to focus attention. GEC finished unchanged at 350p following its

generous and expected cash offer for Decca which leapt 92p in the ordinary at 487p and 44p in the "A". However, fears that the counter-bid may be referred to the Monopolies Commission still lurk in the background.

Most observers still believe that Racal, down 4p at 220p, will continue to bid for Decca but remain uncommitted on just how meaningful the pledges made by former chairman, Sir Edward Lewis, will be in the light of the cash offer from GEC.

Elsewhere in electricals, shares of Ferranti began to bubble with excitement on rumours that they may well become the target of a bid. As a result the shares advanced 20p to 490p. Speculation on Tyco's intentions lifted the price of Mithrad early on but this soon fizzled out and the shares closed 2p easier at 203p. But the rising price of copper wire upset M. K. Electric which tumbled 4p to 170p.

Weekend press comment provided the market with some firm features as in the case of Carless Capel 2p better at 80p. Amalgamated Power 3p firmer at 77p. Glywedd 1p stronger at 95p and Westland Aircraft up 4p at 74p.

Investment interest also gave a fillip to other shares including Sotheby's Parke Bernet 10p higher at 505p along with May & Hassel 5p to 80p, Phoenix

LASMO, fresh from exciting those who attended the Scott, Giff seminar last week, was again the centre of interest yesterday. The shares jumped 27p to 440p, on talk that the German group, Deminor, was preparing a bid. But LASMO denied such a bid, from Deminor or anyone else.

Timber 5p to 146p and Automobile Securities 5p to 253p. Bid rumours were good for 15p rise to 303p for Bernard Matthews while a mention that Cons Gold is about to bid for Compair lifted the latter 2p to 75M.

At the same time, some heavy selling saw Chubb slip 6p to 11p. Charles Hill Bristol 15p to 35p and Anderson Strathclyde 6p to 61p while reports that British Air Cargo was in financial trouble knocked 20p from the shares at 40p.

Shares of Henry Norrington the agricultural machinery supplier were suspended at 163p

after a bid approach as were shares of Lydenburg Platinum at 180p following a bid from SA Mutual.

Among companies reporting, Hillards dipped 9p to 151p after some disappointing interim figures while Lonrho shed 2p to 101p after its full year report.

Engineers were in line with the remainder of the market despite the effects of the steel strike with GKN 3p down at 263p Lucas 5p off at 252p and Metal Box unchanged at 238p. Dowty with figures due out tomorrow improved 3p to 161p.

Stores finished the session mostly on the bottom, hit by the latest set of retail sales figures. Burton retreated 4p to 105p. GUS A's 2p to 40p and Debenhams 1p to 86p. But fading bid hopes were responsible for a 5p drop in House of Fraser at 130p.

News that Dunbe-Corbe-Marx is to sell all of its United States interests helped the shares 4p to 24p.

The four major clearing banks were on offer as the market entered the usual reporting season. Falls were noted in Barclays 8p to 420p, National Westminster 7p to 348p, Midland 5p to 371p and Lloyds 3p to 220p.

Oil shares held up quite well in spite of the recent round of price increases with BP unchanged at 358p and the new rising 2p to 150p, on par with the issue price. Just two days before the cash call for the remainder is made.

Squity turnover on February 1, was £125.87m (15.28m bargains). Active stocks yesterday, according to the Exchange Telegraph, were, R.T.Z. Racal, Compair, GEC, Premier Cons, Lasmo, Western Mining, P & O, Anglo-Continental Gold Fields, Boots and Lucas.

Thornwood steps up its Wight stake to 29.8pc

Thornwood Investments, a private investment company based in Scotland, has increased its stake in Wight Holdings to 29.8 per cent. Wight is involved in construction, plant hire and property.

Thornwood bought a total of 200,000 shares from three directors for 82p each last week raising its holding from 19.05 per cent. The Wight directors, which include the share vendors, Mr. James Manson, chairman, who sold 50,000, Mr. John Scott who sold 100,000 and Mr.

Leonard Stoddart who sold 50,000 shares, said that the transactions would strengthen Wight.

Thornwood has assured them that it does not intend to increase its holding by market purchases or a general offer, nor does it intend to control the board. But it has requested a seat on the board for Mr. Alistair Dunn, Thornwood's managing director. Mr. Stoddart said it was likely that the board would agree to the request at its next meeting.

The Stock Exchange and the Takeover Panel have been told of the transactions and no objections have been raised.

This possibility, however, remains that Thornwood, at a later date, may consider using its holding for a reverse takeover as Wight's construction side, which now only plays a small part in the group's activities, is complementary to Thornwood's interests, which also include property and leasing.

Last year Wight made pretax profits of £439,000 on turnover of £11.4m compared with £535,000 profits, and £8.1m turnover in 1978.

Vibroplant maintains its growth record

By Our Financial Staff
Vibroplant Holdings, the plant hire specialist, continued with its pattern of consistent profits growth at the halfway stage with improved results coming from most of its 24 depots.

Pretax profits went up by 29 per cent from £1.59m to £2.06m and turnover rose by 26 per cent from £5.37m to £6.76m in the six months to September 30 1979. The group's upward progress has been unbroken since it came to the market nearly seven years ago.

It is now also benefiting from a move to hiring, rather than buying, by companies who are reluctant to commit themselves to expensive purchases when facing a recession.

Vibroplant is also starting a new division, Shorepak Trench Systems, which will be a sole distributor, through its depots, of trenching equipment. But Mr. Roy Clinning, chairman, said

that he did not expect the new operation to contribute to profits in the second half.

He added that the group was planning two more depots in England which would open at the beginning of the next financial year.

The interim dividend has been increased by 13.6 per cent to 7.5p gross which Mr. Clinning said was a reflection of the first half results.

"The third quarter results up to the end of December were also favourable, and we are anticipating increased profits for the year and providing the economic climate does not deteriorate or the weather hold us back," he said.

Last year Vibroplant made pretax profits of £2.37m despite a seven-week period when many of the depots were severely affected by the bad weather.

The share price remained unchanged at 255p.

Capital issues exceeded £91m in January

Gross capital issues in the domestic market last month (excluding international loans) totalled £91.8m. But after redemptions of £83.7m net new capital raised was only £8.1m, the lowest monthly figure since last September.

Net issues by United Kingdom borrowers amounted to 18.9m. Overseas borrowers repaid £10.8m.

Once again there was a net redemption of outstanding loan capital in this category of £18.9m. Overseas borrowers remain as high as they are at the present, private-sector borrowers simply cannot afford to raise long-term fixed interest money in domestic markets.

Against the net redemption of £8.6m of loan capital in the month, there were £14.2m of ordinary share issues and £2.5m of preference share issues.

The principal issues made by United Kingdom companies were made in the property sector (£8.2m) and by companies in the public utilities, transport and communications sectors (£2.5m).

Last year net new issues totalled £73.8m, continuing a steady decline since 1975, when the figure was more than twice that size in nominal terms. The corporate sector's demand for external finance is expected to be appreciably higher this year than it has been since the liquidity crisis of 1974.

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Fiat expects to end year level

Despite a poor performance in the automobile business, Fiat SPA, the holding company for the Italian multinational group, probably remained in the black last year.

Although precise figures will not be released until the spring, company officials estimate that consolidated 1979 profits of the Fiat Group matched the current equivalent of the £190m (£95m) earned in 1978, while sales rose 20 per cent to \$21,000m.

The sales gain came on good results in the European tractor market; improvements in Brazil, where Fiat has invested heavily in automobile and steel production; and on sustained sales to third world countries in engineering, services and heavy equipment.

Car sales, however, which usually account for 45 per cent of the companies' volume, remained level at \$8,000m and auto operations dropped to a break-even point from a profit of \$50m in 1978.

Fiat's share of the Italian car market, a key to its financial health, fell to 52 per cent in 1979 from 54 per cent the year earlier, despite a 6 per cent growth in total Italian car

sales. A decade ago Fiat held 74 per cent of the Italian market.—AP-DJ.

International

Central Norsemann

Central Norsemann, one of Australia's biggest gold mines, raised profits in the half-year to January 8, from \$45.36m (£2.9m) to \$51.05m after tax of \$52.49m. The company is paying a total dividend of 24.5 cents a share.

In 1978 Central Norsemann produced 86,000 ounces of gold and 26,000 ounces of silver. As the full benefits of the recent

high precious metal prices feed through, Central Norsemann is expected to make bigger profits in the second half.

'No comment' by OGEM

A spokesman for OGEM Holding, NY, declined to comment on the resignation of OGEM's board chairman, Mr. B. J. Udink, from March 1. OGEM shares were suspended on the Amsterdam Stock Exchange after the company statement on the resignation.

German Mobil

Mobil Oil AG, the West German subsidiary of Mobil Oil, doubts that its 1980 net profits will reach those of 1979, as it is questionable whether market crude oil price increases will be fully absorbed. Last year the group recorded a provisional net profit of about DM290m after making DM169.5m in 1978.

Vital meetings for small businesses

By Bryan Appleyard

Two vital Government-backed loan guarantee schemes for small businesses have been arranged for next week. Meanwhile, this week the first proposals under a plan to draw more institutional funds into small business are due to go to the Post Office Pension Fund.

The first meeting is a week today when Mr. David Mitchell, the Minister responsible for small businesses, and civil servants from the Department of Industry meet representatives of the Union of Independent Companies.

The UIC is lobbying for a loan guarantee scheme which involves starting a secondary market in the loan stock and it has been pressing for a chance to explain the details of the scheme to civil servants who have been known to oppose the idea in the past.

Behind the scenes opposition to the scheme has also come from the banks, and on Thursday, February 14, there will be the last of three meetings between the UIC and the Committee of London Clearing Banks. It is now understood the banks are showing cautious interest as long as the scheme is definitely Government-backed and administered by themselves, rather than being backed on a mutual insurance basis.

The proposals going to the Post Office Pension Fund are the first results of an experimental scheme being run by the eastern region of the DoI small business counselling service.

This involves using a Department of Industry counsellors to assess as investment prospects small companies which needed funds.

Hillards manages 14 pc rise

By Rosemary Unsworth

First-half results from West Yorkshire supermarket operator Hillards left the City slightly disappointed despite a 14 per cent increase in profits at the gross level. The shares lost 10p to 150p on the announcement.

The group, which has 44 stores operating in the North and Midlands, has always been in the forefront of the price war with Asda on its doorstep. It saw turnover move up by 5 per cent to £56.5m and pretax profits go from £1.17m to £1.33m in the 28 weeks to November 10, 1979. But as Mr. Gordon Hunter, the chairman, pointed out, the corresponding period last year included a £5.1m turnover and £275,000 trading loss from the Capital Discount Stores. These were acquired in June, 1978, for £2.06m and Hillards closed the 17 stores, which were based in the South, last year.

EMESS LIGHTING
Acceptance of offer by Wideham Trust accepted for 6,742 ordinary shares; offer expired.

DUPLIE INTERNATIONAL
W. S. Yates Ltd has disposed of 2.8m shares; total holding in Duplie is now 2.14m (£2.21 per cent).

CRONITE GROUP
Mr. K. F. Ward, chairman, reports in his annual statement that considerable rationalization has taken place recently within the group which has already led to an approved performance and reduced overheads. He believes Cronite is now soundly based to increase its share of the market in the difficult period ahead.

BORNE MOTORS
After the disappointments of 1978-79, Borne Brothers is now a generally fitter and faster-moving business, with better and improving management ready for further challenges, declares Mr. R. J. Horne, the chairman, in his annual statement.

MIDLAND BANK IN EEC
Midland Bank Group has opened an EEC office in Brussels. This is the first EEC office of its kind for any bank in the European community. The new office will help Midland Bank Group and the British banking system play a larger part in the financing or co-financing of the Community's activities.

If the Capital Discount figures are stripped out, turnover during the period rose by 18.5 per cent.

Hillards saw a fractional improvement in trading margins from 2.46 per cent to 2.5 per cent during the period, which might be reduced in the second half if Hillards fights Asda's recent price cutting campaign.

The first-half results were also affected by the group's heavy expenditure on opening new stores. This pushed interest charges up from £7,000 during the last full year to £85,000 in the first half, although the group stressed that it still has plenty of cash which is earmarked for new stores. In addition to a new store in Bury, which opened in the second half, two more opened in Huddersfield and Oldham just after the end of the half year. The next store to open will be at Selby before the end of the year, and a site has been

acquired for a large store at Idles, Bradford, which is due to open by the autumn of 1980.

Financial resources are adequate to cope with future developments, Mr. Hunter said. Hillards is currently building supermarkets with between 20,000 and 40,000 square feet of selling space and stressed that its profit growth was across the board. It also provides fresh foods where profit margins are greater.

The interim dividend has been increased by 25 per cent to 1.78p gross, but the board said that the increase was not an indication for the rate of improvement on the final.

The group is expected to show an improvement in the second half with the benefits of its new stores showing through, and full-year results could show profits of around £3.3m compared with £2.5m pretax last year.

OLYMPIC AIRWAYS
A (£151.2m) financing to enable Olympic Airways to purchase three A300 Airbus and spares was signed in London. Midland Bank International, Credit Lyonnais and Deutsche Girozentrale are leading syndicates from the United Kingdom, France and Germany, participating in line with their national stakes in Airbus Industrie, with Midland as the agent bank.

U.C. INVESTMENTS
Pre-tax profits for 1979 up from £12.06m to £17.78m. Earnings per share up from £1.9 to £2.2 cents and total dividend raised from 42 to 60 cents a share.

SCOTTISH HOMES INVESTMENT CO
Offers made by Barrat Deva, unconditional; acceptance received for 97 per cent of SHI's capital. Offers remain open.

STERLING TRUST
Post Office Superannuation Fund, following issue of new shares, submitted to conversion of loan stock, holds 775,000 shares (4.83 per cent). Kuwait Investment Office has acquired 250,000 shares, making its holding 520,000 shares (5.17 per cent).

SCOTTISH INVESTMENT TRUST
Mr. T. R. Macgregor has retired as a manager. He continues as a director.

WHITWORTH ELECTRIC
Turnover for half-year to September 30, £5.42m (£4.89m). Pretax profit, £169,000 (£164,000).

Business appointments

Sir Bernard Scott to retire from Lucas board

Mr. R. G. C. Messervy is to succeed Sir Bernard Scott as executive chairman of Lucas Industries from April 1, as Sir Bernard's retirement. Mr. Messervy will retain his responsibilities as group managing director. The board intends to invite Sir Bernard to re-join the company as a non-executive director.

Mr. Steve Robinson has joined Pye TV as managing director.

Mr. Victor D. Smith has been appointed director of finance of BKF (United Kingdom).

Mr. J. McLelland will become chairman and Mr. A. M. Nicol, deputy chairman and managing director of Brownlow on the retirement of Mr. P. A. Barnes-Graham as chairman at the end of February.

Mr. R. J. Warren has been appointed to the board of Humphries Holdings in a non-executive capacity.

Mr. J. R. Mikami, chairman of C. E. Heath & Co (Aviation), has been reappointed managing director of the company, and Mr. J. A. E. Bassett, Mr. R. P. Marsh and Mr. S. C. Pritchard have been appointed company directors.

Mr. Neil Magee has been appointed deputy managing director, and Mr. Michael Cheadle and Mr. Michael A. Hall have been appointed to the board of Eumig (UK).

Mr. B. H. Widen has been elected chairman of Gill & Duffus Landauer. He replaces Mr. R. J. Thorne, who was recently appointed chairman of Gill & Duffus. Mr. Thorne remains on the board of Gill & Duffus Landauer.

Mr. Lionel D. Cowan has become director and secretary-designate of The Federation of London Clothing Bank Employers.

Dr. George Munday has been made research director of The Insurance Technical Bureau.

Mr. G. W. Taylor, Mr. D. W. C. Kitching and Mr. A. Brooks, assistant chairmen and general managers of Midland Bank, have been appointed to the board.

Mr. John K. McKinley is now chief operating officer of Texaco Inc. He will succeed Mr. Maurice F. Graville as chairman and chief executive, after Mr. Graville's retirement on November 1.

Mr. Donald Smith has been elected president of the European Association of Maidenhead, effective April 1.

Mr. E. J. B. Rose is to retire from the board of Peninsula Boreas on May 1 and will become non-executive chairman of the board of the parent company, The Peninsula Shipping Company, working part-time.

Takeover approach for Norrington

Shares in Henry Norrington and Son, the agricultural engineer, merchant and general broker, were suspended yesterday following suggestions which may lead to a bid. At the suspension price of 161p the company is valued at £630,000.

In December Norrington reported profits for the year to September 30 up from £115,000 to £165,041 on turnover up from £1.3m to £1.63m. This came after a half-time fall from £90,000 to £75,000. In September Norrington sold the seed business of Parnell, Lang and Co, which contributed about 10 per cent of group profits, for £200,000 in a bid to reduce borrowings.

There was a feeling in the market that several companies could be queuing up to bid for Norrington, though Benjamin Priest or Massey Ferguson were mentioned as the most likely.

concentration within British industry caused by low growth rates and high inflation, the companies which will prosper in the 1980s and beyond will be those which have a truly international outlook and spread of activities. It is our intention to be one of those companies," declares Mr. Aisher.

During the seventies, Marley's turnover grew at a compound annual rate of 15 per cent, pre-tax profits at 21 per cent, earnings per share at 26 per cent and capital employed at 17 per cent. The chairman explains that to match this performance, Marley must devote a substantial part of its financial resources to investment in new companies, "a prospect that is as exciting as it is challenging."

Shirlstar sells Hall Steamship holding

Shirlstar Container Transport has disposed of its entire holding of 23,550 shares in Hall Brothers Steamship.

Shirlstar said yesterday that the shares were bought through the jobbers by three different purchasers. It has insisted that the holders of the shares are one lot to avoid having a holding below 10 per cent which, in future, might have been compulsorily purchased.

Guinness Peat stake in biochemicals firm

International Enzymes, a subsidiary of Guinness Peat Group, has taken a 50 per cent interest in P.L. Biochemicals, a newly-formed company in Sankt Gall, Western Germany.

The new company will act as a European distribution centre for biochemical reagents manufactured by P.L. Biochemicals, of Wisconsin, which owns the remaining 50 per cent interest. International Enzymes has had a close association with P.L. Biochemicals over a number of years and represents the company in the United Kingdom.

Marley ready for a new decade

A cheerful annual review is forthcoming from Mr. O. A. Aisher, the chairman of Marley, the building products group. Marley's board believes that the group is well prepared and organized to meet the challenge of the 1980s. "With the greater

interest boost for Apex Properties

While Apex Properties' rents receivable were virtually unchanged at £501,000, against £493,000 in the half-year to September 30, interest income more than doubled, from £38,000 to £99,000. Pre-tax profits are 32 per cent greater at £335,000. With earnings per share up from 1.13p to 1.49p, the interim dividend, being raised from 0.74p to 1.0p.

Lamont Hlges expands engineering side

Lamont Holdings, the investment holding company with interests in engineering, has bought two private companies: Merlin Cutting Tools, of Sheffield, and Duratool, of Warrenpoint, co. Down. The total payment will not exceed £100,000 cash.

The acquisitions, effective January 1, 1980, will extend the group's engineering activities and are expected to contribute to the current year's profits.

Bigger interim payout from Hambro Trust

The increase in dividends receivable by Hambro Trust in the half-year to December 31 from Hambro Ltd has resulted in a corresponding rise in the sum available for ordinary shareholders of £157,000, compared with £120,000 last year.

So the board of Hambro Trust has decided to raise the interim dividends to 1.42p gross on the £1 (25p paid) and on the 25p (fully paid) ordinary shares. The rate paid on both these classes of shares last year was 0.97p, followed by a final of 2.28p.

Mr Graham Ferguson Lacey

The rush before the end of the world

Some time between saying prayers with President Carter and returning to the United Kingdom on St. Valentine's Day, Mr. Graham Ferguson Lacey, 30-year-old "born again" Christian and City entrepreneur, will hold more talks on buying a substantial stake in Lonrho.

It is now known that Mr. Christopher Quelch, a member of the class advisers and a member of the Arbutnot Latham, and Mr. Tom Ferguson, London representative of Gulf Fisheries, who are potential sellers of the stake, flew out to America this week.

Lonrho have said in effect that it would take a third world war before Mr. Ferguson Lacey could join the board of the international trading giant.

Mr. Ferguson Lacey, meanwhile, quietly whittles away, saying there is no problem in raising upwards of £40m from American companies he controls.

And fresh rumours suggest that, as with his other investments, the 19 per cent owned by Gulf Fisheries is just not enough. Mr. Ferguson Lacey wants 21 per cent or nothing.

The Lonrho target is Mr. Ferguson Lacey's most ambitious since his last year's venture, Birmingham and Midland Counties Trust bought sufficient of National Carbonising to put Mr. Ferguson Lacey in the driving seat and allow him to link with the Bermuda-based energy group Weeks Petroleum.

Natty Corbs, as it is known in the City, said yesterday it has bought another slice of Weeks bringing its own stake to 7.24 per cent and together with a pooling agreement with various

holders of Weeks, gives Mr. Ferguson Lacey a say in about a quarter of the equity.

It is all part of his move into "energy-related" fields: National Carbonising for its fuels and former London and Scottish Marine Oil stake, Weeks for its oil exploration licences

See
Shareholder,

This is your Company's seventieth operational year, and I am confident that Lonrho will continue to grow around its long-established core of mining and agriculture.

We feel that gradual expansion in the United Kingdom and the Western hemisphere is in the best long-term interest of Shareholders. This programme is now well under way, and you will see the Company progressing further from 1980 onwards, while maintaining our investment plans in Africa.

Exceptionally, profits are down this year, although the balance sheet has never been healthier. Heavy reinvestment has contributed to this and we have had trading problems in West Africa for which we have had to make provision. The SUITS Monopolies Commission hearings were an expense and restraint throughout the year, but happily with a successful outcome.

In 1979 your Company bought the Dutton-Forsyth Group, Harrison and Sons, and 50 per cent. of the Princess Hotel Group. We also acquired the remainder of the shares of Scottish and Universal Investments, which brought in a major holding in House of Fraser. You will find all these reviewed below.

You have some splendid assets, and I hope you enjoy reading about their progress last year. If you are a new Shareholder, the 19 year graphs on pages 52 and 53 will be of interest. May I call your attention to pages 30 and 31 where the Board set out the Group's general accounting policies which have been formulated by our Chief Accountant with our Auditors.

The management and employees of the Lonrho Group—world-wide—number over a hundred and forty thousand people, of whom sixty thousand work in the United Kingdom.



Harrods, Knightsbridge, London SW1.

Mining and Refining

The mining companies had a particularly good year with profits up from £9.6 million to £31 million. The main contributors have been the platinum and the gold mines, with strongly increasing prices for these metals. In the past year we produced 358,000 ounces of gold, which realised an average price of US\$261 per ounce. At the time of this review prices are still well above this level.

Output of platinum group metals is up to 124,000 ounces, and production should be still higher this year. As with gold, our costs of production remain competitive and metal prices are currently well above last year's. Research into economic technology to exploit a second reef should be completed during the year; if successful, this would enable us to expand platinum group metal production quite significantly at a reasonable capital cost. Ore reserves are extensive.

Next in importance is coal, where output increased slightly to 2.58 million tonnes of bituminous coal and 500,000 tonnes of anthracite.

Copper mining, which is not large scale, produced a useful profit. The asbestos market was dull and sales decreased to 9,700 tonnes but profit was maintained.

Our exploration programme continues, with gold, coal and platinum as the principal targets. We hold several low-grade gold properties which are viable at a price of US\$250 to 300 an ounce. Obviously with prices well above this level they become profitable. Development of certain of these deposits is already in hand and we have also acquired options over a number of other properties, both dormant and producing. Gold output would increase substantially when these mines reach production.



Mining for gold

Agriculture and Ranching

We grew and sold 330,000 tonnes of sugar and the price per tonne improved.

The new Dwangwa sugar project in Malawi started up in June, on schedule, and our participations in the Kenana scheme in the Sudan and the Savé estate in Benin continue.

The Group's tea estates processed just under ten million pounds of tea this year, most of which was sold on the London market.

Your Company continues to be a major producer of wattle extract for leather tanning. Our other agricultural activities include oil seed processing, cereals, coffee, timber and tobacco, all of which did reasonably well.

The total herd of beef cattle is still 100,000 head, after sales of 20,000 head this year.



Lonrho will continue to grow around its long-established core of mining and agriculture

R.W. Rowland, Chief Executive

Young schemes started this year in Africa include a large mushroom farm in Kenya, branded "Eldoret Mushrooms", and an agricultural scheme in Zambia is producing maize, wheat, soya beans, onions, tobacco and potatoes. Beef cattle and pigs are also included in the still expanding farms, the pig unit being the largest in Zambia. There is a large area fed by overhead irrigation.

Motors

World-wide, our subsidiaries consider that during 1980 sales should certainly exceed a hundred and fifty thousand vehicles.

In the United Kingdom, the Volkswagen-Audi franchise had a good year with sales of eighty-four thousand vehicles, about 5 per cent. of the market. We have a combination of first-class management, 350 well spread dealerships, and an exceptionally fine range of cars and commercial vehicles. The entire quota allocated to us was sold.

We have represented Mercedes-Benz in Zimbabwe and Zambia for very many years. We are probably Africa's largest and most widespread motor distributors holding nearly every major motor franchise in one country or another. We also sell motor cycles, tractors, trucks and earth movers.

Within SUITS, the Company now owns the profitable motor trading group, Dutton-Forsyth, which has a national spread of 89 outlets. Chief amongst these is Jack Barclay, the world's largest and most prestigious distributor of Rolls-Royce and Bentley.



Volkswagen Polo and Audi

During the year our Wankel licences in Japan, Toyo Kogyo, has had considerable international success with the Mazda RX7, while promising research results have been achieved in the development of a diesel engine, for which patents and patent applications exist.

In the field of compressors and heat pumps the Wankel concepts have been applied with significant advantages over traditional designs and a leading manufacturer has announced definite interest in producing a range of automobile air conditioners utilising such principles.



Rolls-Royce and Bentley through Jack Barclay

Aircraft and Cargo

Tradewinds, the cargo airline operating Boeing 707's out of Gatwick Airport, has struggled through the year, held back by fuel prices and contracting demand for air freight services.

The Lonrho Group has small aircraft based across Africa to service projects. The Falcon Executive jet, which logged millions of miles, was replaced in 1974 with a longer-range

Grumman II, averaging 1,000 flying hours a year for the Company.

The Beechcraft dealership sold sixty of their tough and popular aircraft to customers in Africa.

Kendall Globe Limited, the travel and freight agents based in England, achieved its targets for the year.

Engineering, Steel and Manufacturing

Engineering in the United Kingdom has seen turbulent trading conditions in the last twelve months. The industry suffered a ten-week strike by transport drivers, a ten-week overtime ban and partial strike by the work force and severe winter weather conditions. Despite this, your engineering division achieved a small profit.

Firsteel (cold rolled strip), J. Hartley and Company (metal fabricators) and Lightfoot Refrigeration experienced quiet trading conditions.

The steel-making plant at Hadfield's in Sheffield and the process engineering company, Newell Dunford, were reorganised to meet market conditions. The division should now show a good return, if demand improves. Sales of billet and bar were 205,631 tonnes.

Sheer Pride, who make office furniture and filing cabinets at Weybridge, had a good year, despite the loss of the Iranian market. The three Emerald Stainless Steel companies in Eire, Malta and Leeds, large-scale manufacturers of sink tops, also traded well. The plumbing factors, Peter J. Hopkinson, produced a good result, and the Homeworthy furniture factories expanded a profitable range with new products.

In Africa, our engineering and manufacturing plants had a slack year, but the economic outlook is decidedly better for 1980. Plans for 1980, 1981 in Nigeria include the production of glass fibre boats, and a factory with an output of 100,000 motor cycles annually.



The new Dwangwa Sugar Factory in Malawi

Textiles

I am glad to report that the African mills had a fair year, after the doldrums of 1977 and 1978.

At Cramlington, in the United Kingdom, Lonrho Textiles makes a prize-winning range of household polyester cotton products branded "Accord" which they are very actively promoting. The quality is such that they will, we hope, be the number two brand in the country in 1980/1981. The loss-making warp knitting and long staple spinning divisions were closed by the end of 1979. The factory is extremely modern and is one of the largest complexes in Europe. Union co-operation is excellent and, although this mill was bankrupt when we took it over, I think it may now be on the road to a lasting recovery.

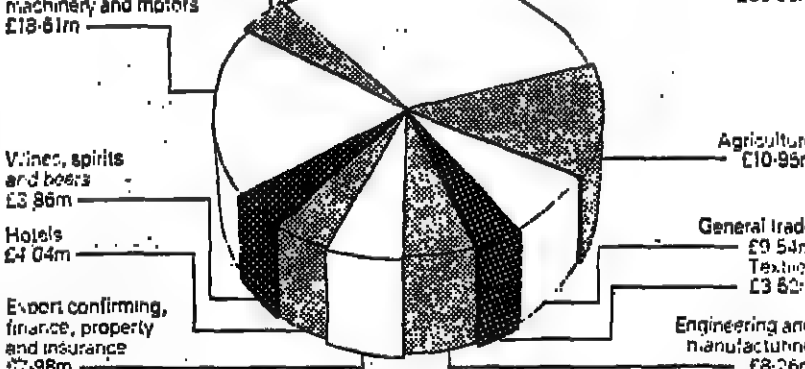
Taken as a whole, the textile division produced 120,217,183 metres of cloth.

Balance Sheet at 30 September 1979

	1979 £m	1978 £m
Funds Employed		
Share capital	52.70	47.26
Reserves	325.78	283.16
Equity interest	378.48	330.42
Minority interests	82.16	83.55
Deferred tax	6.77	4.90
	467.41	418.87
Loans	137.05	73.93
	604.46	492.80
Assets Employed		
Fixed assets	385.84	358.18
Associates	125.87	94.65
Investments	23.60	27.20
Net current assets	69.15	12.77
	604.46	492.80
Net assets per share	180p	175p

Analysis of group profit for year to 30 September 1979

(including associates)



	1979	1978
Turnover	£1,565.45m	£1,491.37m
Profit before tax and central finance charges	£100.70m	£102.69m
Central finance charges	£16.70m	£9.05m
Profit before tax	£84.00m	£93.64m

Printing and Publishing

The intended move by Outramps, publishers of the "Glasgow Herald" and "Evening Times", to their new premises in Albion Street, Glasgow, will now take place in July 1980.

The "Glasgow Herald" achieved increases in both circulation and advertising during the year, while Scottish & Universal Newspapers, the publishers of 33 weekly newspapers across Scotland, continued the re-equipment of their printing centres and opened two new plants during a successful year.

Holmes McDougall are now benefiting from their rationalisation programme of previous years. They continue as publishers, booksellers and printers, and experienced a healthy rise in magazine circulation to 2,497,000 a year.

With the introduction of the new "Sunday Standard" in Kenya, we now have five newspapers operating in Africa. Printing and publishing had a relatively poor year overseas.

Since the year end, SUITS has bought Harrison and Sons, the specialist security printers. Apart from their normal business as printers, almost all the United Kingdom's postage stamps and those of a hundred foreign countries are produced on the advanced machinery of this famous firm.



The London Metropole Hotel

Hotels

The Metropole Group in Britain had a very good year, and profits increased by 35 per cent. The luxury Metropole Hotel in Birmingham attracted 450 conferences. Where it is economically attractive, we are expanding the hotels and upgrading their facilities, and in this we are using, wherever practicable, the services of your Group's excellent building company, Fassnidge Son and Norris.

The hotels in Africa, which are all sizeable and of good quality, have had a busy year.

Just after the year end, we agreed with Mr. Daniel K. Ludwig to become an equal partner in his company, Princess Properties. The assets of that company are seven outstanding luxury hotels. The Bermuda Hamilton Princess and Southampton Princess will be known to many of the Shareholders who have visited that lovely island, and ranking among the best in the world is the Acapulco Princess, Mexico, shown on page 2.



The Acapulco Princess, Mexico

There are two hotels in the Bahamas, and an elegant city hotel in San Francisco, the Sir Francis Drake. There is now active joint management and a firm understanding to agree plans for a very fine hotel site in Mexico City, as well as to combine in future projects. The cost to your Company was US\$80 million, plus the issue of five million Lonrho shares to Mr. Ludwig.

Property

Through our wholly-owned subsidiaries, London City & Westcliff and AVP Properties, we have commercial and industrial holdings in England and France, having a book value of £43 million.

Residential properties in England in the middle price range are gradually being sold.

Wines, Spirits and Beers

The major assets in this section are the six French vineyards—Château Smith-Haut-Laffitte, Château La Garde, Château Rausan-Segla, Château de la Tour, Château de Lamouroux and Château Olivier—the wine shippers, Louis Eschenauer of Bordeaux, and the Scottish whisky distilleries, Whyte & Mackay, which come within SUITS. The vineyards have done well, as have Louis Eschenauer, where sales were up 29 per cent. Volume sales of Whyte & Mackay increased 20 per cent. to 1,151,478 gallons.

In the North of England the Ashe & Nephew retail chain had sales of £34 million, and opened forty-six new outlets, bringing the total to 280 off-licences and bottle stores.

The Group's twenty traditional beer breweries, which are operated in partnership with African Governments, continue to flourish. The beer is varied from country to country, to traditional recipes, but is generally low in alcohol content and high in protein.

We also have a Coca-Cola plant located in Zambia, which is one of the largest in Africa.



Export Confirming and Broking

John Holt's export confirming with West Africa had to be severely reduced, as were the activities of Lonrho Exports, to weather a difficult year of economic changes in Western Africa. However, Balfour Williamson, our international confirming house, was able to achieve good profits and to expand.

The volume of cotton broking was maintained in a static market, where sharp currency movements made it necessary to adopt a cautious policy.

Pipeline

Our oil pipeline connecting Zimbabwe with the eastern coast of Africa comes into strong focus following the lifting of sanctions in Zimbabwe. The pipeline has been closed since December 1965 when sanctions first came into force. To build such a pipeline now would cost £75 million and its potential, once the Umfolozi refinery is recommissioned, is considerable.

Our action against the oil companies, who were associated in the project, is not affected by the immunity given when sanctions were lifted in December, and we are vigorously pursuing our claims.

SUITS and The Monopolies Commission

Our bid to acquire the remaining 70 per cent. of SUITS' shares was referred to the United Kingdom Monopolies and Mergers Commission in May 1978, on the grounds that SUITS, which is a major Scottish company, would be adversely affected by the amalgamation with Lonrho. After full and costly investigations lasting ten months, which included the detailed examination of our management and financial position, the Commission gave its complete approval to the merger.

Scottish shareholders in particular will be pleased to know that SUITS retains, and will keep, its direction and distinctive Scottish character and has already expanded to employ more than 10,000 people, with a turnover well in excess of £300 million.

With the acquisition of SUITS, the Group's total stake in the House of Fraser department store chain has risen to 29.99 per cent. There are no other major shareholders. Apart from Harrods, the 110-strong chain includes Barkers, D. H. Evans, Dickens & Jones, the Army & Navy Stores, Kendal Milne, Rackhams, Chiesmans and Dingles.

Conclusion

I know you will want to join all members of the Board in expressing your appreciation of the hard work and initiative of those who work for Lonrho in the United Kingdom and overseas. I want to mention the many people who work for the Company in Zimbabwe, and whose welfare is our serious concern. We would like to thank Shareholders for their confidence in us through the year. It was particularly kind of so many of you to mail your proxies in support of the Board at our last Annual General Meeting.

Yours sincerely,
R.W. Rowland

The seventy-first Annual General Meeting of Lonrho Limited will be held at the Great Room, Grosvenor House, Park Lane, London, W.1. on Friday 14th March 1980, at 12 noon.

LONRHO

Lonrho Limited, 138 Cheapside, London EC2V 6BL

The text is taken from the Chief Executive's review contained in the 1979 Report and Accounts which will be published in mid-February. Copies will be available from The Secretary, Lonrho Limited, 138 Cheapside, London, EC2V 6BL.

ACCOUNT DAYS: Dealings Began, Jan 28. Dealings End, Feb 8. Contango Day, Feb 11. Settlement Day, Feb 18.
 § Forward bargains are permitted on two previous days

§ Forward bargains are permitted on two previous days.

THE TIMES SHARE INDICES
Prices on this page are now supplied by Exchange Telegraph's Epic system and are the last prices available from London stock market dealers yesterday evening. Various indices produced by The Times, including the Index of 150 Industrial stocks, are being reviewed and re-aligned to cover the period of non-publication.

PERSONAL CHOICE

Broadcasting Guide

Edited by Peter Daville

TELEVISION

BBC 1

6.40 am Open University: Before Einstein; 7.30 The Planet Earth. Close down at 7.55.
9.55 For Schools: Maths: Math-show; 9.58 Maths (in-Bus) (After Glasgow story); 10.16 Look and Read; 10.38 Resource Unit 11.13 History (The Sea, the Sea 1); 11.00 Watch (pottery); 11.17 Television Club; 11.38 Design by Five (Alan Corran's studio room); 12.05 am Technology. Close down at 12.30.
12.45 News and weather.
1.00 Pebble Mill at One: Includes an interview with actor Bernard Blier. And an expert's advice on making a will.
1.45 Trumpton: The story of the mayor's birthday.
2.00 You and Me: For the very young. 1.2.3.4.5 (r).
2.14 For Schools: Colleges: Treffurth (Deutsche) (Schule); 2.30 Jubilee: Part 4 of the BBC TV production. Close down at 3.00.
3.25 Decharu Starad: For Welsh viewers.
3.55 Play School: Tony Pickering's story Nobody Understood.
4.30 You and Me: Cartoon. Booby Trapped Bear (r).
4.45 Jackanory: Steve Hodson continues reading Nina Warner Hooker's story Teptio.

BBC 2

10.05 am Company Fensious—Who Cares? Pensions, and what the unions are doing about them (r).
11.00 play School: Same as BBC 1, 3.55.
11.25 Wile Away: Barry Took's helping hand for bad spellers (r).
11.40 It's a Grand Life: Is it the structure of school life itself that inhibits learning? (r). Close down at 12.05.
12.05 Dilemmas: Is loyalty as important as we like to think it is? Professor Bernard Williams poses the question and attempts to answer it (r).
3.00 Illusions of Reality: How these old cinema newsreels showing that good news could be just as interesting as bad news (r).
3.30 The Living City: Sociology

THAMES

9.30 am For Schools: 9.30 Experiment (Biology); 9.47 Seeing and Doing (Circuits); 10.04 Reading with Lenny; 10.16 Work (Rush-hour travel); 10.35 English (Authorship); 11.05 Leapfrog (maths); 11.22 Look Around (noise); 11.39 The Land (the South Downs, with Bill Grundy).
12.00 Paperay: Fun with paper. With Susan Stranks. New series.
12.10 pm Pinks: Another Hardy Hare story for children.
12.30 The Sullivan: Family serial. A kiss in the cinema.
1.00 News. 1.20 Thames News.
1.30 Airport Chaplains: Series: How the chaplains (Ronald Fraser) interview those in the airport strike by talking to the shop steward (Russell Hunter).
2.00 After Noon Plus: Interview with M.A.S.P.H. star Alan Alda and a discussion on obesity.

BBC 1

4.40 Wildlife on One: Foxwatch. Nine months in the life of a family of foxes (see Personal Choice).
5.10 John Craven's: Newsround. Junior newscast.
5.15 Grange Hill: Comprehensive school serial. A black mark against Penny Lewis (Ruth Davies) for her role in a school magazine article.
5.45 News: with Kenneth Kendall. 5.55 Nationwide.
6.50 Robbier: A Ripe Old Age. Fyfe Robertson interviews Arthur Askey, still making us laugh at the age of 75.
7.30 The Variety Club Awards: Terry Wogan and Ray Moore compare tonight's presentation ceremony from the Savoy Hotel. London. Awards include those for radio, television, film and music. The highlight, naturally, is the award to the Show Business Personality of 1979.
8.10 Decisions: A Home for Janice? How could workers in Coventry have tried to find a happy home for a 16-year-old black girl who had been abandoned from one children's home to another. And why Lynn and Allen Jones think they can offer Janice the haven for which she longs.
9.00 News: with Richard Whitmore.
9.25 Fash and Blood: Part 5 of

BBC 2

series. Last of the series (r). Close down at 3.55.
5.40 Laurel and Hardy: Me and My Pal (1933). Stanley's wedding gift to Oliver, a jazz piano. The finale is a spectacular fight with the police.
6.00 The Waltons: How the coming of war affects Walton's Mountain. John Walton accepts a big building contract—an action which has a profound effect on the family.
6.45 The World About Us: Deer at Any Price. The red deer are providing New Zealand with money-spinning industries. The story of the former unmanageable deer (see Personal Choice).
7.30 News: with subtitles for the hearing impaired.
7.40 cricket: Australia v England. The third Test from Melbourne.
8.10 Company and Co: Comedy

THAMES

2.45 Wildlife Alliance: Series about a detective fiction writer (John Sturt) and his wife (Julia Foster). Today: The Private Army of Colonel Stone (r).
3.45 Three Little Women: Married couples in a cash-prize quiz.
4.15 Get It Together: Pop music show. With Roy North and Linda Fletcher. David Essex is one of the guests.
4.45 Magpie: Mick Robertson goes scurrying driving (pooey and trap). Also an item about the Northern Black Light Theatre, who specialise in mime.
5.15 Emeralds Farm: Dolly, in hospital, gets worse.
5.45 News. 6.00 Thames News.
6.25 Helpi Joan Sheen's advice and information feature.
6.35 Crossroads: Motel serial. Dramatic news for David Hunter.
7.00 Charlie's Angels: Another case for the three crime-busting women.

BBC 1

John Finch's 10-part North Country serial about the Brasington family. Max (John Sturt) suspects his factory-owner father (Bill Fraser) is plotting with Jim Turner (Nigel Stock), the works council leader.
10.15 Blue Moon: Omnibus film about the final weeks in the life of Concerto Mayol, the famous Paris music hall (see Personal Choice).
11.17 Question Time: Robin Day's panel tonight consists of Edward de Bono, Sir Monty Donaghy, Suzanne Lovry and Dr Donagh McDonald. MP.
12.01 am Weather.

BBC 2

series. Lally Bowers plays the former stage star who is cheated out of a small fortune by a man using loaded dice. The Getting of Wisdom (1977). Highly praised film from Australia. Set in Melbourne at the turn of the century. It is about a country girl (Susan Powle) who is sent to an exclusive girls' school. Barry Humphries plays a straight role as the headmaster.
10.40 Animated Conversations: Animated fun with auditions (r).
10.45 Newsround: The news and newsround for children.
11.30 International Darts: More matches in the Embassy World Professional Championship, from the Embassy Hotel, London. The former champion, Leighton Rees, of Wales. Finishes at approximately 12.15.

THAMES

8.00 Armchair Thriller: Dead Man's Kill. Episode 3 of the new series. Hired killers on the trail of Chalky White (Larry Lamb), himself on the trail of a killer.
8.30 Robin's Nest: Comedies about tonight's James (Tony Britton) considers taking his new love to live with him.
9.00 Hollywood: Hazard of the Game. The terrifying risks that the early film stars took. Four viewers remember those hair-raising days.
10.00 News.
10.30 Film: Walt - Until Dark (1957). Thriller about a blind girl who is terrorized by a gang determined to get their hands on a doll stuffed with heroin. We suffer almost as much as Miss Hepburn does. With Alan Arkin and Richard Crenna.
12.25 am Close: Actor Robert Rietty reads from the work of Nabhan of Braslav, the theologian.

Radio 4

6.00 am News Briefing.
6.10 Farming Today.
6.30 Today.
7.00 News.
7.30 8.30 Headlines.
8.35 Yesterday in Parliament.
9.00 News.
9.05 Tuesday Call.
10.00 News.
10.05 In Britain Now.
10.30 Daily Service.
10.45 The Wooden Horse (12).
11.00 News.
11.05 Play: Fingers of Suspicion.
11.30 Local Edition.
12.00 News.
12.05 am You and Yours.
12.20 Down Your Way.
12.55 Weather.
1.00 The World at One.
1.30 am Book at One.
2.00 News.
2.02 Woman's Hour.
2.30 am Book at One.
3.15 Sons and Lovers (3).
4.10 Bookstart.
4.25 Play: The End of the Party.
5.00 PM.
5.55 Weather.
6.00 News.
6.05 Just a Minute.
7.00 News.
7.05 The Archers.
7.30 The Restless Years (3).
8.05 In Touch.
8.30 The Manipulators.
9.15 From Our Own Correspondent.
9.30 Kaleidoscope.
10.00 The World Tonight.
10.30 The Hornet and the Dove.
11.00 News.
11.15 Financial World Tonight.
11.30 Today in Parliament.
12.00 News.
12.15 am-12.30 Weather.

Radio 3

6.00 am Cricket: Australia v England.
7.05 Weather.
7.10 News.
7.15 Records: Holst, Francaix, Granger.
8.00 News.
8.05 Records: Janacek, Dvorak, Suk.
9.00 News.
9.05 Week's Composer: Berg (incl Ch Conc.).
10.00 The Trio-Sonata.
10.30 Viola, piano: Milhaud, Britten, Brahms (op 120 no 2).
11.45 BBC Singers: Monteverdi.
12.15 pm BBC Welsh 30/Borgel, 1.1. Vanham Williams (Sym 8).
1.00 News.
1.05 Six Continents: world news.
1.30 BBC 2.
1.55 Talk: Milhaud, Bridge, Rachmaninov.
2.40 In the Shadows of the Great: Robbins Landon on Witt.
3.25 Records: Velechovsk, Symonovsk (incl Sym 4).
4.55 News.
5.00 Music for early evening.
5.30 String Quartet (Gabrieli): Mozart (K389).
7.30 Play: A Slight Ache, by Harold Pinter (Mercham); Horowitz.
8.30 Piano (Gilles): Bach-Busoni (BWV 532).
8.45 Talk (A. S. Byatt): Willa Cather.
9.30 Organ concertos: Haydn, Krenek (op 230—1st UK bcst).
10.30 Pierre Bernac masterclass.
11.25 Piano (Bingham): Prokofiev (Son 6).
11.55 News.
12.00 am Cricket: Australia v England.

WAVELENGTHS: Radio 1 medium wave 275m/1089kHz or 253m/1053kHz. Radio 2 med wave 330m/909kHz or 330m/909kHz. Radio 3 med wave 330m/909kHz or 330m/909kHz. Radio 4 med wave 330m/909kHz or 330m/909kHz. Radio 5 med wave 330m/909kHz or 330m/909kHz. Radio 6 med wave 330m/909kHz or 330m/909kHz. Radio 7 med wave 330m/909kHz or 330m/909kHz. Radio 8 med wave 330m/909kHz or 330m/909kHz. Radio 9 med wave 330m/909kHz or 330m/909kHz. Radio 10 med wave 330m/909kHz or 330m/909kHz. Radio 11 med wave 330m/909kHz or 330m/909kHz. Radio 12 med wave 330m/909kHz or 330m/909kHz. Radio 13 med wave 330m/909kHz or 330m/909kHz. Radio 14 med wave 330m/909kHz or 330m/909kHz. Radio 15 med wave 330m/909kHz or 330m/909kHz. Radio 16 med wave 330m/909kHz or 330m/909kHz. Radio 17 med wave 330m/909kHz or 330m/909kHz. Radio 18 med wave 330m/909kHz or 330m/909kHz. Radio 19 med wave 330m/909kHz or 330m/909kHz. Radio 20 med wave 330m/909kHz or 330m/909kHz. Radio 21 med wave 330m/909kHz or 330m/909kHz. 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